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IDENTIFIERS	Family Education Loan Program; Grant Administration and Payment System; Higher Education Act Title IV; Pell Grant Program; Perkins Loan Program

ABSTRACT

Extensive workshop materials are presented in this 1997 training guide for fiscal officers, business officers, bursars, loan managers, and others who have responsibility for Title IV college student financial aid programs. Workbook type material is provided for nine workshop sessions that cover the following topics: (1) Institutional Responsibilities and Recordkeeping; (2) Audits and Financial Responsibility; (3) New Financial Responsibility Regulations; (4) Managing Campus-Based Program Funds; (5) Cash Management; (6) Refunds and Repayments; (7) Accounting and Reporting Issues; (8) Grant Administration and Payment System and (9) Other Issues. Each unit identifies resources and defines the objectives that the participant should achieve by the end of the session. The materials include case studies, illustrations and highlighted text, worksheets to make calculations, sample forms, and quizzes. Included in the introductory chapter are: general resource information; features of two data exchange programs for Pell Grants; a list of customer service lines for student financial aid programs; information on three national associations that provide technical assistance and training; and a list of Department of Education student financial aid program regional offices. (SW)

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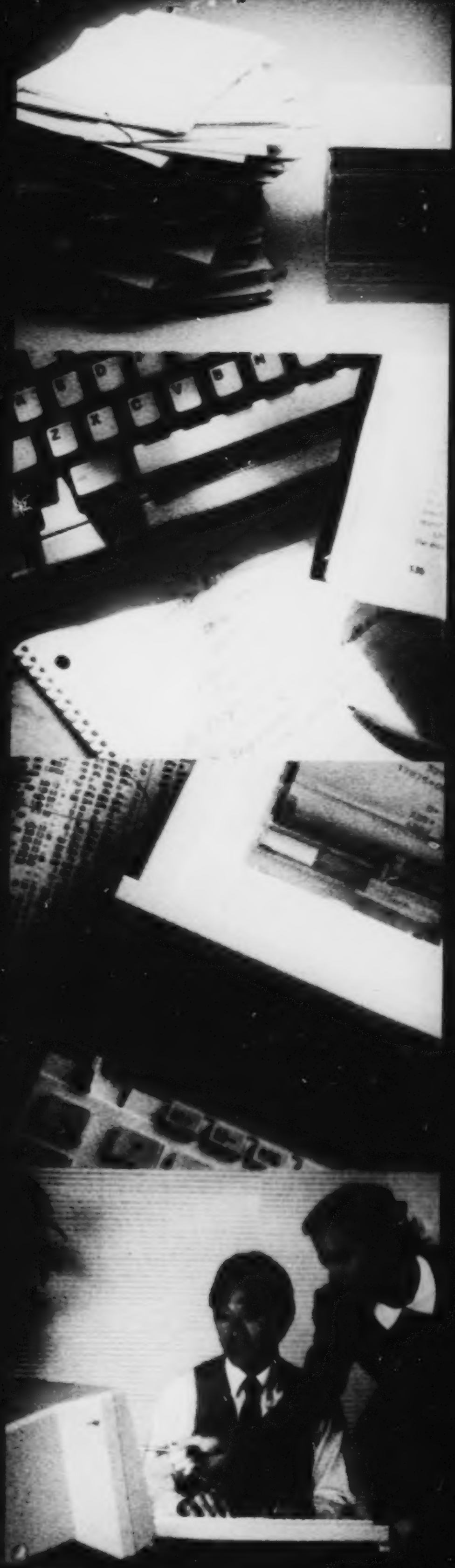
1997
FISCAL OFFICER TRAINING WORKSHOP



PARTICIPANT'S GUIDE

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Education • Student Financial Assistance Programs

Introductory Session

CONTENTS

A. Overview of the Workshop
B. Main Workshop Objectives
C. Workshop Agenda
D. Workshop Materials and Reference Sources
Appendix: Information Resources

OBJECTIVES

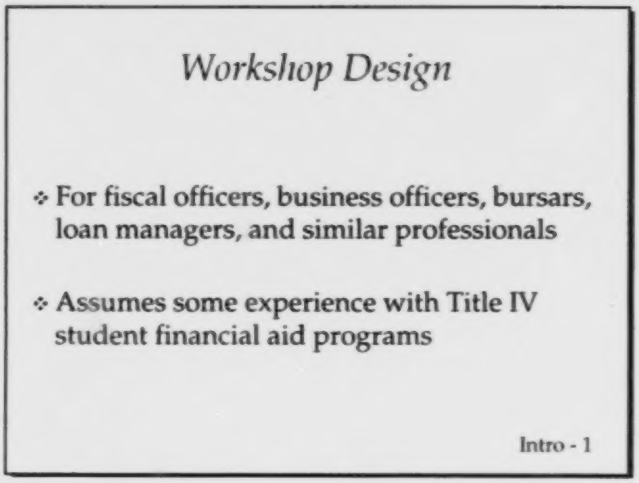
After completing the workshop, you will be able to:

- describe recent regulatory changes in areas such as cash management that have an impact on accounting for Title IV student financial aid
- schedule and prepare for required audits
- describe recent changes to recordkeeping requirements for Title IV programs
- keep appropriate records when applying aid to institutional charges and making cash disbursements of remaining aid
- apply appropriate refund and repayment procedures if Title IV recipients withdraw from school
- estimate funds available for awards in campus-based programs
- project the school's immediate need for federal cash for Title IV programs and draw down, manage, and return federal cash as necessary
- file required reports on Title IV program activities
- prepare for upcoming changes in procedures for drawing down and reporting on Title IV funds

RESOURCES

- *The Blue Book: Accounting, Recordkeeping, and Reporting by Postsecondary Educational Institutions for Federally Funded Student Financial Aid Programs*
- *The Audit Guide: Student Financial Assistance Programs*
- *The Recipient's Guide to the Payment Management System*
- *The Federal Student Financial Aid Handbook*
- Current Title IV Regulations

A. OVERVIEW OF THE WORKSHOP



Workshop Design

- For fiscal officers, business officers, bursars, loan managers, and similar professionals
- Assumes some experience with Title IV student financial aid programs

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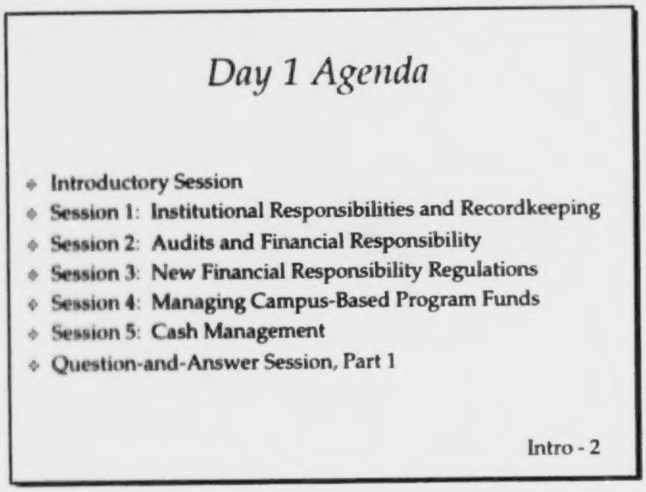
B. MAIN WORKSHOP OBJECTIVES

- Page 1 of this session lists the workshop objectives.

Notes

Notes

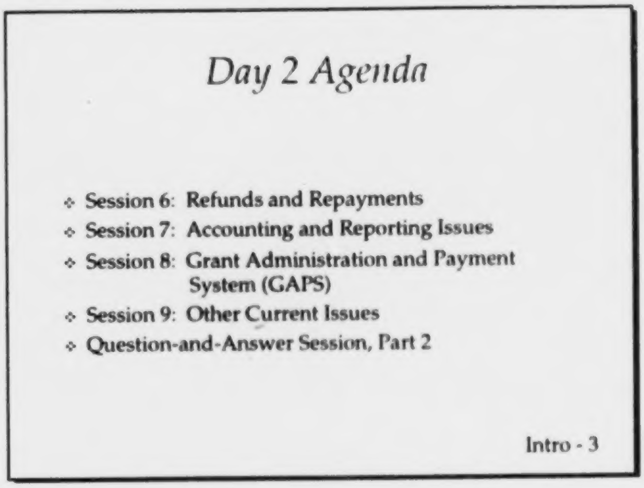
C. WORKSHOP AGENDA



Day 1 Agenda

- Introductory Session
- Session 1: Institutional Responsibilities and Recordkeeping
- Session 2: Audits and Financial Responsibility
- Session 3: New Financial Responsibility Regulations
- Session 4: Managing Campus-Based Program Funds
- Session 5: Cash Management
- Question-and-Answer Session, Part 1

Intro - 2



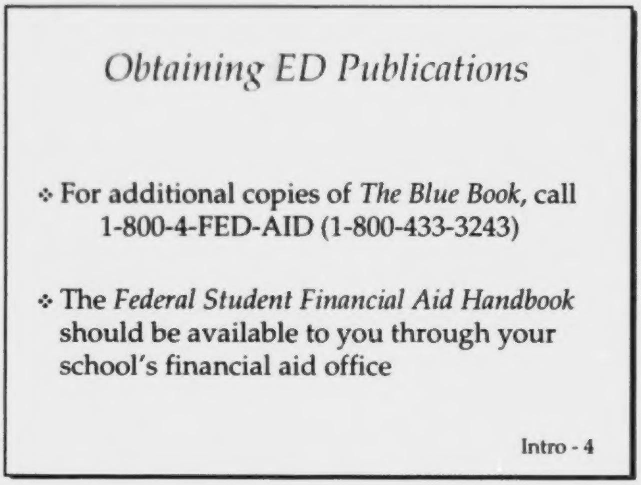
Day 2 Agenda

- Session 6: Refunds and Repayments
- Session 7: Accounting and Reporting Issues
- Session 8: Grant Administration and Payment System (GAPS)
- Session 9: Other Current Issues
- Question-and-Answer Session, Part 2

Intro - 3

E

D. WORKSHOP MATERIALS AND REFERENCE SOURCES



Obtaining ED Publications

- For additional copies of *The Blue Book,* call 1-800-4-FED-AID (1-800-433-3243)
- The *Federal Student Financial Aid Handbook* should be available to you through your school's financial aid office

Intro - 4

Notes

Notes

APPENDIX: INFORMATION RESOURCES

Introduction

Financial aid administrators must make sure that federal student aid programs are managed properly. This task can be made easier by:

- maintaining an up-to-date student aid reference library that includes the U.S. Department of Education's (ED's) major publications and useful non-ED publications;
- staying up to date on program information, policies, regulations, and the law, as well as being aware of changes and sharing information with all offices in the school that might be affected; and
- checking on any questionable or unclear information and asking questions before acting, which can save time and prevent liabilities.

ED Resource Materials

The following is a list of ED resource publications. They are available from the Federal Student Aid Information Center by calling **1-800-4-FED-AID (1-800-433-3243). (The TDD toll-free number is 1-800-730-8913.)**

- *The Blue Book—Accounting, Recordkeeping, and Reporting by Postsecondary Educational Institutions for Federally Funded Student Financial Aid Programs.* A guide to proper fiscal operations procedures related to administering Title IV programs. This publication is a "must have" for all fiscal officers, and it is exceedingly helpful for financial aid administrators.
- *Funding Your Education.* Generally for the high school student audience, this publication focuses on how Title IV programs can help pay for the cost of education and provides tips on how to apply for these aid programs.
- *What's New? Direct Loans!* A general guide to Direct Loans, written for students and parents.
- *The Federal Student Financial Aid Handbook.* A financial aid administrator's reference guide to managing Title IV programs.
- *The Counselor's Handbook for Postsecondary Schools.* A financial aid administrator's reference guide for advising students about financial aid for postsecondary education.
- *The EFC Formula Book.* A guide to assist in understanding how the formula is used to determine the Expected Family Contribution (EFC) for Title IV recipients.
- *Compilation of Student Aid Regulations.* A compilation of all the current regulations governing Title IV programs.
- *The Verification Guide.* A guide to verifying student aid application information, confirming correct data, and identifying incorrect or misreported data.
- *The Audit Guide.* A guide to preparing for and completing required audits of federal student aid operations.
- *The Recipient's Guide to the Payment Management System.* A guide that prescribes procedures for expediting payments,

completing the ED/PMS 272 Report, and managing and controlling federal cash.

The Recipient's Guide (and only this publication) can be obtained from:

U.S. Department of Education
Office of Postsecondary Education
Financial Services
Washington, DC 20202-4331

ED also sends each participating Title IV school "Dear Colleague" letters and *Federal Register* reprints that pertain to Title IV aid. You should stay current in your reading of these documents and keep them as accessible references.

A good student-aid reference library includes all the ED publications described here. Many are published annually. ED sends these publications to each participating Title IV school each time the publications are updated.

Extra copies can be ordered from the Federal Student Aid Information Center (see telephone number on previous page) at no charge. The quantities that can be sent usually are limited, but a school can make photocopies if necessary.

Your student-aid reference library should be kept up to date with the latest editions of publications readily available for reference.

However, it is also important to maintain (or archive) older versions of the publications in case it is necessary to respond to an audit finding concerning an issue or law that might have changed.

Electronic Services

Each part of the student aid delivery process can be done electronically, from filing a financial aid application to reporting a Federal Pell Grant payment.

- The electronic FISAP (Fiscal Operations Report and Application to Participate) is used to request and report expenditures in campus-based programs. It increases productivity and efficiency for financial aid administrators and ED by providing automatic calculation and edit features for users.
- The Recipient Data Exchange (RDE) allows schools to report large volumes of Pell recipient data using magnetic tapes or cartridges. The Floppy Disk Data Exchange (FDDE) allows schools with minimal automated data processing resources to report Pell disbursement data to ED.
- The services offered by ED through its Electronic Data Exchange (EDE) can significantly speed up the application, corrections, and reporting processes. EDE services are provided as a part of the Title IV Wide Area Network (TIV WAN). EDE is the service that allows schools to electronically process Title IV financial aid data. EDExpress is a fully integrated software package developed and distributed by ED for managing those processes. There are currently four EDExpress modules: application processing, packaging, Direct Loans, and Pell payment. The EDExpress software is provided without charge to schools.
- ED's Default Reduction Assistance Program (DRAP) provides supplemental debt collection assistance to institutions participating in the Federal Perkins Loan program that are experiencing difficulty in collecting delinquent loans.

NOTE: Institutions that have a default rate greater than 7 percent are encouraged to enroll for the free DRAP service described above.

- The student financial assistance Bulletin Board System (SFA BBS) is a free, interactive, online service that ED operates to assist the student financial aid community in accessing important SFA information. Included on the BBS are SFA announcements, *Federal Register* notices, the *Compilation of Federal Student Aid Regulations*, "Dear Colleague" letters, the *Federal Student Financial Aid Handbook*, and other important resources. BBS software is available by calling the Customer Support Branch at 1-800-433-7327.

- SFAP information on the Office of Postsecondary Education (OPE) Home Page can also be accessed at the following Internet address:

  www.ed.gov/offices/OPE

U.S. DEPARTMENT OF EDUCATION
PELL GRANT BRANCH

RECIPIENT DATA EXCHANGE (RDE)

FEATURES:

- Allows institutions to submit Payment Data and receive Processed Payment Data using magnetic tapes/cartridges
- Provides an efficient method for exchanging high volume, institutional mainframe data with ED
- Reduces paper storage and handling
- Increases accuracy of Payment Data (fewer keying errors)
- Provides the option to receive Student Payment Summary data on magnetic tape/cartridge

Whom to contact for more information:

Pell Grant User Support Hotline: 202-708-9141

U.S. DEPARTMENT OF EDUCATION
PELL GRANT BRANCH
FACT SHEET

FLOPPY DISKETTE DATA EXCHANGE PROGRAM (FDDE)

BENEFITS:
- Is inexpensive
- Reduces repetitive entry of duplicative data by using default values
- Reduces processing errors
- Automatically tracks 30-day reporting requirement on each recipient
- Facilitates use of external databases
- Has good Pell Grant processing turn-around time
- Increases office productivity
- Increases control over Payment Data via reports and queries

SOFTWARE FEATURES:
- Menu driven—easy to use and easy to learn
- Online context-sensitive help—including tutorial and glossary
- Quick and simple data entry screen
- Gateway to existing external data—massload function
- Sophisticated queries, detail, exception, and summary reports
- Data backup, archive, and restore functions
- Multi-level security access capabilities

EQUIPMENT REQUIREMENTS:
- IBM PC or compatible microcomputer
- 5.25-inch or 3.5-inch disk drive
- Hard disk with at least 3.0 megabytes of available disk space
- 640K RAM (random access memory)
- PC/MS DOS version 3.1 or higher
- Printer

Whom to contact for more information:

Pell Grant User Support Hotline: 202-708-9141

Customer Service

- **Customer Support Branch**: Answers policy and operational questions from *financial aid administrators*. Customer Support also maintains the SFA Bulletin Board System. Customer Support staff can be reached Monday through Friday between 8 a.m. and 5 p.m. (Eastern time) at 1-800-433-7327 (toll free), or by fax at 1-202-260-4199, or at the following email address:

  csb@ed.gov

- **Federal Student Information Center**: student inquiries, requests for financial aid materials and student or financial aid administrator questions about aid application or processing. Call toll free at 1-800-4-FEDAID (1-800-433-3243), Monday through Friday between 9 a.m. and 8 p.m. (Eastern time). TDD 1-800-730-8913.

- **Application Ordering System (AOS)**: To order copies of the FAFSA and *Student Guide* in bulk, call 1-800-284-2788. Please have your Title IV school code number ready.

- Customer support "hot lines" are available for various ED systems and operations. Toll-free numbers and addresses follow, beginning below.

Customer Service: Numbers

Central Processing System/Direct Loan (CPS/DL) Customer Service:

1-800-330-5947

Email address: CPS@NCS.COM

Provides support for:

- EDExpress software—apps/DL/packaging/SSCR
- Pell Payment for Windows software
- EDE technical reference
- Data submitted to CPS
- Institution/agency applicant tapes
- RAD/YTD requests

Free Application for Federal Student Aid (FAFSA) Express Customer Support

1-800-801-0576

Email address: CPS@NCS.COM

Provides support for:

- FAFSA Express diskette version
- FAFSA Express Web version:
  http://www.ed.gov/offices/OPE/express.html
  http://www.ed.gov/money.html

Direct Loan (DL) Custom/Combination School Technical Support:

1-800-756-4220

Email address: DLTS@NCS.COM

Provides support for:

- Interpreting the Direct Loan Technical Reference
- Dealing with errors received while interfacing external system with EDExpress
- Developing import from external add/change files
- Providing on-site support to Direct Loan schools with custom/combo systems

Direct Loan Servicing Center:

Borrower Services: 1-800-848-0979

Provides support for:

- School relations
- Borrower services
- Payment center
- Collections

Loan Origination Center
1-800-557-7394

Title IV Wide Area Network (TIV WAN) Customer Service:

1-800-615-1189

Email address: T4WAN@NCS.COM

Provides support for:

- EDconnect, NET*CONNECT, and OPEnet software (both DOS and Windows)
- Transmission errors
- Network password changes and resets
- Enrollment and participation
- Billing and invoices
- Software and user manual distribution

National Student Loan Data Service (NSLDS) Customer Service:

1-800-999-8219

Provides support for:

- Small school template
- DataPrep software
- CBT (computer-based training) tutorial
- Default rate calculations
- Student Status Confirmation Reports (SSCRs)
- Data providers' monthly submission
- NSLDS online functions

Pell Grant User Support Hotline:

1-202-708-9141

Provides support for:

- Pell payment software DOS version
- Floppy Disk Data Exchange enrollment
- Pell Payment data batch inquiries

Organization of the Office of the Deputy Assistant Secretary for Student Financial Assistance Programs (SFAP)

Within ED's Office of Postsecondary Education (OPE), the Deputy Assistant Secretary for Student Financial Assistance Programs (SFAP) is responsible for administering student financial aid (SFA) programs and developing policies and procedures to meet the objectives of those programs. Chapter 1 of *The Federal Student Financial Aid Handbook* contains detailed information on SFAP's organization, including offices and telephone numbers.

- The Policy Development Division (PDD) is responsible for developing and issuing program policies and regulations. The division's main telephone number is **202-708-8242.**

- The Program Systems Service (PSS) is responsible for delivering and controlling federal funds and services authorized for SFA programs. The division's main telephone number is **202-708-7701.**

- The Training and Program Information Division (TPID) is responsible for coordinating training activities for the financial aid community and disseminating information on SFA programs to schools, the general public, and other interested groups. The division's main telephone number is **202-708-8134.**

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NOTE: Free SFAP training is offered at various times throughout the year. Watch for special "Dear Colleague" letters (DCLs) identified as "Training Announcements."

- The Institutional Participation and Oversight Service (IPOS) is responsible for approving schools for initial participation in the Title IV programs, recertifying eligible schools for continued participation, and monitoring schools to ensure compliance with federal rules and regulations. IPOS conducts its oversight using a case management approach that provides a unified and consistent approach to monitoring. For information about initial participation, the telephone number is 202-260-3270. A listing of regional case management team telephone numbers is in Session 3.
- Incidents of Title IV fraud or suspected fraud should be reported to the Inspector General's hotline at **1-800-MIS-USED (1-800-647-8733)** or to local law enforcement officials.

NOTE: You also may report suspected fraud by writing to:

Office of Inspector General
U. S. Department of Education
600 Independence Avenue, SW
Washington, DC 20202-1510

- A list of ED/SFAP regional offices is on pages C-10 and C-11. The map on page C-12 shows the ten ED regions and locations of regional offices.

Professional Associations' Technical Assistance and Training

Technical financial aid assistance is usually available to members of financial-aid-related professional associations. Some associations might also research technical and historical questions, locate helpful materials, and refer problems/questions to experienced members.

Training is usually offered to both members and non-members, the latter paying a higher registration fee. Workshop topics are selected to meet current needs and address issues within the financial aid community.

Workshops are offered on four different levels: local, state, regional, and national. Many of the national workshops are listed in ED's Training Calendar, which is published three times a year—in May, September, and January—and mailed to schools participating in Title IV programs.

In addition to training, many associations hold annual or semi-annual conferences that provide valuable opportunities to exchange information, network, and express opinions on aid-related issues.

There are several association publications that might be useful financial aid resources. These publications are usually available, for a fee, from professional associations and national, state, and local agencies and associations. Membership in the association is sometimes required. The publications include:

- financial aid encyclopedias,
- job aids,
- self-evaluation guides, and
- newsletters or research journals.

Some major national associations related to student financial aid are listed below.

- Career College Association (CCA)
  750 First Street, NE, Suite 900
  Washington, DC 20002
  202-336-6700

- The National Association of College and University Business Officers (NACUBO)
  2501 M Street, NW, Suite 400
  Washington, DC 20037
  202-861-2500
- National Association of Student Financial Aid Administrators (NASFAA)
  1920 L Street, NW, Suite 200
  Washington, DC 20036
  202-785-0453

Networking

Networking is another important source of technical assistance and training. Through meeting and talking together, financial aid administrators can exchange:

- technical information,
- suggested management approaches,
- guidance for problem-solving, and
- assistance for new or inexperienced staff.

Networking opportunities are available through:

- association memberships,
- school partnerships, and
- personal and professional affiliations.

ED/SFAP REGIONAL OFFICES

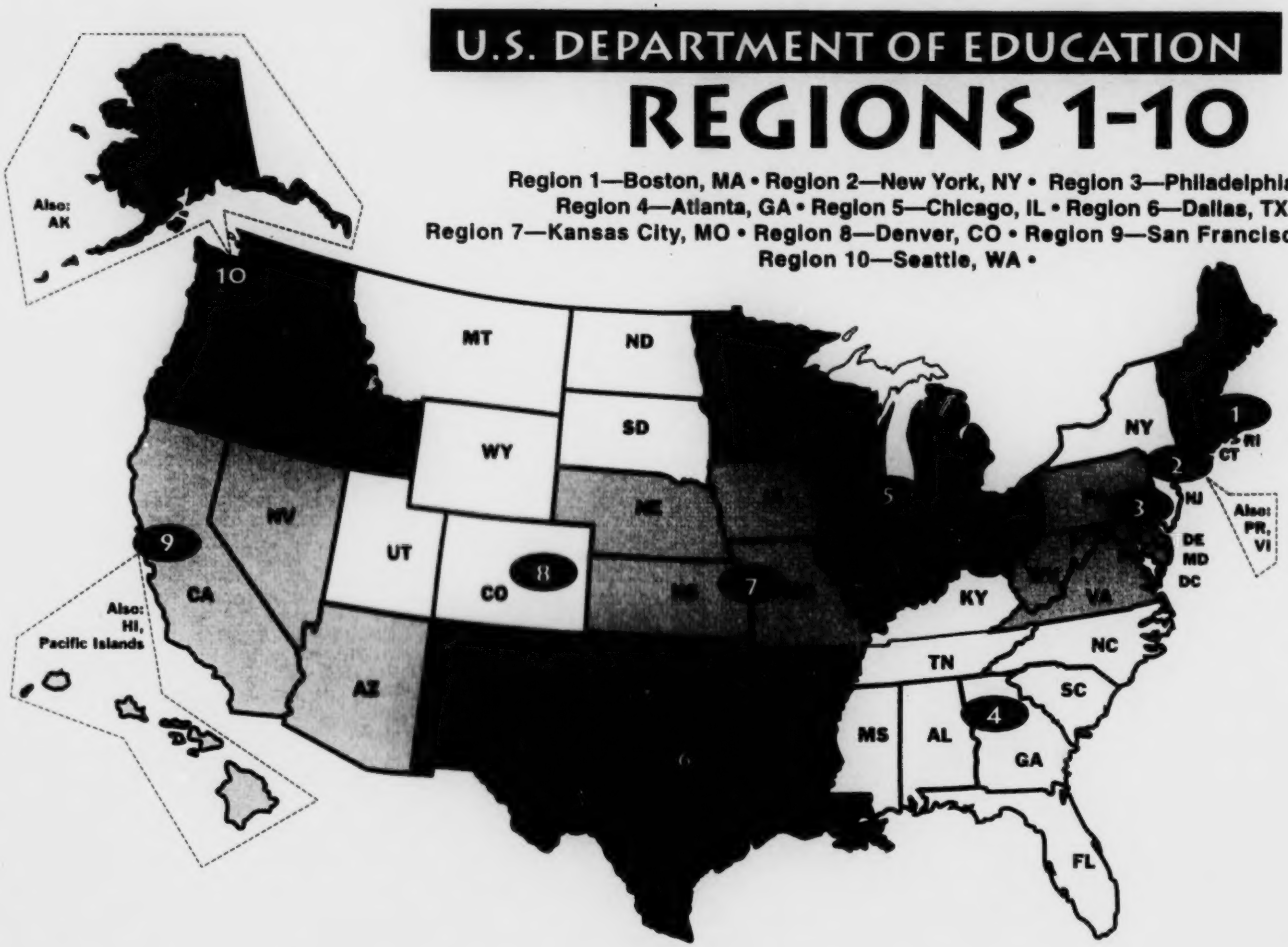
Region		States Served
I	U.S. Department of Education J.W. McCormack Post Office and Courthouse Bldg. Room 502, MS-01-0070 Boston, MA 02109 Telephone: 617-223-9328 FAX: 617-223-4305	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont
II	U.S. Department of Education 75 Park Place, 12th Floor New York, NY 10007 Telephone: 212-264-4022 FAX: 212-264-5025	Canal Zone, New Jersey, New York, Puerto Rico, and the U.S. Virgin Islands
III	U.S. Department of Education 3535 Market Street, Room 16200, MS-03-2080 Philadelphia, PA 19104 Telephone: 215-596-1018 FAX: 215-596-5074	Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, and West Virginia
IV	U.S. Department of Education 61 Forsyth St., SW, Room 18T20 Atlanta, GA 30303-3104 Telephone: 404-562-6318 FAX: 404-562-6321	Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee
V	U.S. Department of Education 111 North Canal Street Chicago, IL 60606 Telephone: 312-886-8767 FAX: 312-353-2836	Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin
VI	U.S. Department of Education 1200 Main Tower, Room 2150, MS-06-5080 Dallas, TX 75202 Telephone: 214-767-3811 FAX: 214-767-0336	Arkansas, Louisiana, New Mexico, Oklahoma, and Texas
VII	U.S. Department of Education 7505 Tiffany Springs Parkway Kansas City, MO 64153 Telephone: 816-880-4053 FAX: 816-891-0983	Iowa, Kansas, Missouri, and Nebraska

VIII	U.S. Department of Education 1391 North Speer Blvd., Suite 800 Denver, CO 80204-2512 Telephone: 303-844-3677 FAX: 303-855-5756	Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming
IX	U.S. Department of Education 50 United Nations Plaza, Room 268, MS–09–8080 San Francisco, CA 94102 Telephone: 415-437-8276 FAX: 415-437-8206	Arizona, California, Hawaii, Nevada, American Samoa, Guam, Federated States of Micronesia, the Marianas, Republic of Palau, and Republic of the Marshall Islands
X	U.S. Department of Education 1000 Second Avenue, Suite 1200 Seattle, WA 98104 Telephone: 206-287-9078 FAX: 206-553-0799	Alaska, Idaho, Oregon, and Washington

U.S. DEPARTMENT OF EDUCATION

REGIONS 1-10

Region 1—Boston, MA • Region 2—New York, NY • Region 3—Philadelphia, PA • Region 4—Atlanta, GA • Region 5—Chicago, IL • Region 6—Dallas, TX • Region 7—Kansas City, MO • Region 8—Denver, CO • Region 9—San Francisco, CA • Region 10—Seattle, WA •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Institutional Responsibilities and Recordkeeping

CONTENTS

A. **General Responsibilities**
  1. Institutional Eligibility
  2. Financial Responsibility
  3. Administrative Capability
  4. Separation of Functions

B. **Individual Office Responsibilities**

C. **Record Retention**
  1. Program Records
  2. Fiscal Records
  3. Required Records for Administering Title IV Funds
  4. Minimum Length of Time Records Must be Maintained
     Quiz 1: Maintaining Title IV Records
  5. Formats for Record Retention
  6. Access Requirements

OBJECTIVES

By the end of this session, you will be able to:

- define financial responsibility and administrative capability
- identify primary responsibilities of the President/CEO, business office, loan collection office, and financial aid office
- describe the required separation of authorizing and disbursing functions
- explain record retention requirements on the duration, format, location, and availability of Title IV records

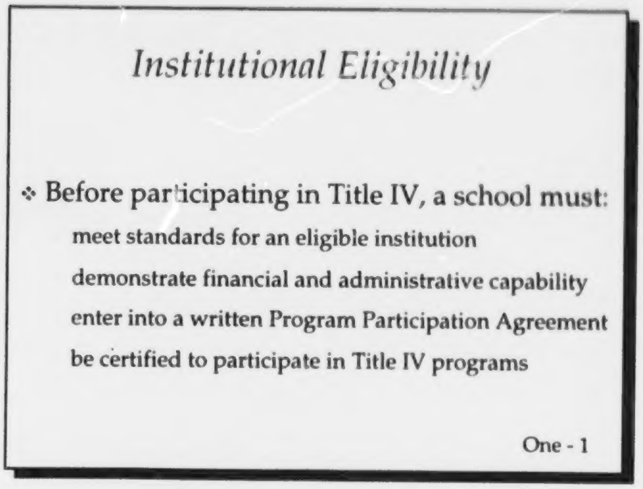
RESOURCES

- *The Blue Book,* Chapter 2 – General Institutional Responsibilities
- *The Blue Book,* Chapter 6 – Title IV Reporting Requirements
- *The 1997-98 Federal Student Financial Aid Handbook,* Chapter 3 – Institutional Eligibility and Administrative Requirements
- Public Law 103-382, Improving America's Schools Act of 1994 (IASA)
- Federal Regulations 34 CFR Parts 668, 674, 675, 676, 682, 685, and 690
- *Federal Register,* November 27, 1996 (Student Assistance General Provisions; recordkeeping requirements)
- *Federal Register,* September 19, 1997 (Student Assistance General Provisions; notice of deadline dates for institutions to use designated electronic processes)

A. GENERAL RESPONSIBILITIES

Notes

1. Institutional Eligibility

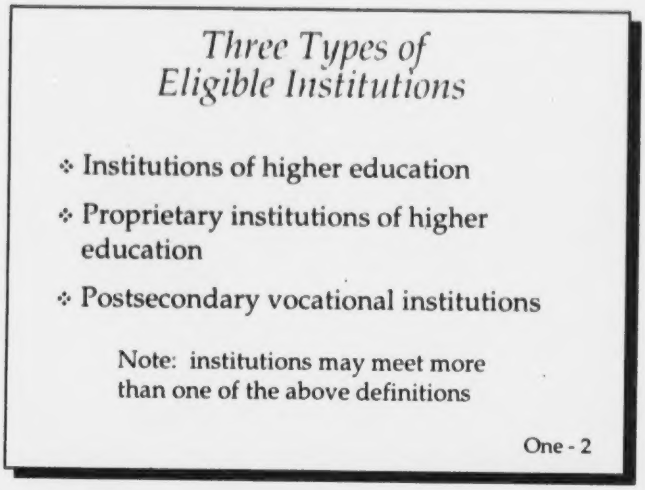


Institutional Eligibility

- Before participating in Title IV, a school must:
  - meet standards for an eligible institution
  - demonstrate financial and administrative capability
  - enter into a written Program Participation Agreement
  - be certified to participate in Title IV programs

One - 1

- A school's certification lasts a maximum of four years.



Three Types of Eligible Institutions

- Institutions of higher education
- Proprietary institutions of higher education
- Postsecondary vocational institutions

Note: institutions may meet more than one of the above definitions

One - 2

- To determine your institutional type, see the chart on the next page.

WHAT'S YOUR INSTITUTIONAL TYPE?

To find your school type, check all the items in the categories below that apply to your school.

Admissions, Accreditation, And Legal Authorization

My institution: (you should be able to check all)

_____ is legally authorized by the state where it offers postsecondary education to provide a postsecondary educational program

_____ is accredited by a nationally recognized accrediting agency or has met the alternative requirements

_____ admits as regular students only persons with a high school diploma (or its recognized equivalent) or persons beyond the age of compulsory attendance in the state where the institution is located

Program Offered

*This is called a "short-term program"; it may only participate in Direct Loan and FFEL Programs, and it must also meet specific qualitative standards.

My institution offers: (check all that apply)

(a)_____ a program that provides an associate, baccalaureate, graduate, or professional degree

(b)_____ at least a two-year program acceptable for full credit toward bachelor's degree

(c)_____ at least a one-year training program that leads to a degree, certificate, or other recognized educational credential and prepares students for gainful employment in a recognized occupation

(d)_____ training for gainful employment in a recognized occupation ***and*** meets the criteria of at least one category in the next column

(d1)_____ at least a 15-week undergraduate program, 600 clock hours, 16 semester or trimester hours, or 24 quarter hours (may admit students without associate degrees or equivalent)

(d2)_____ at least a 10-week program, 300 clock hours, 8 semester or trimester hours, or 12 quarter hours (must be a graduate/professional program, or must only admit students with associate degrees or equivalent)

(d3)_____ at least a 10-week undergraduate program, 300-599 clock hours; must admit some students without an associate degree or equivalent*

Two-Year Rule

My institution: (check if applicable to your school)

(e)_____ has been legally authorized to give (and has been giving) postsecondary instruction for at least two consecutive years

Control

My institution is: (check all that apply)

(f)_____ public (g) _____ private (h) _____ nonprofit (i) _____ for-profit

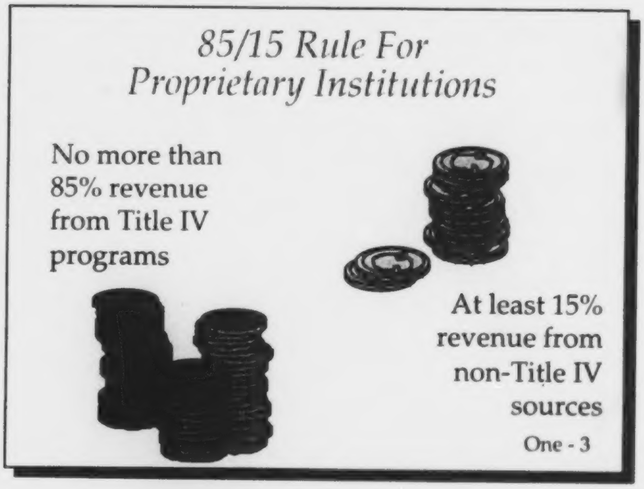
Key

Each institutional type must be located in a state.

- If you selected **a**, **b**, or **c**; **f** or **g**; and **h** — your institutional type is **Institution of Higher Education.**
- If you selected **d** (including **d1**, **d2**, or **d3**); **e**; **g**; and **i** — your institutional type is **Proprietary Institution of Higher Education.**
- If you selected **d** (including **d1**, **d2**, or **d3**); **e**; **f** or **g**; and **h** — your institutional type is **Postsecondary Vocational Institution.**

Notes

- The 85/15 rule became an eligibility requirement for proprietary institutions as of July 1, 1995.



85/15 Rule For Proprietary Institutions

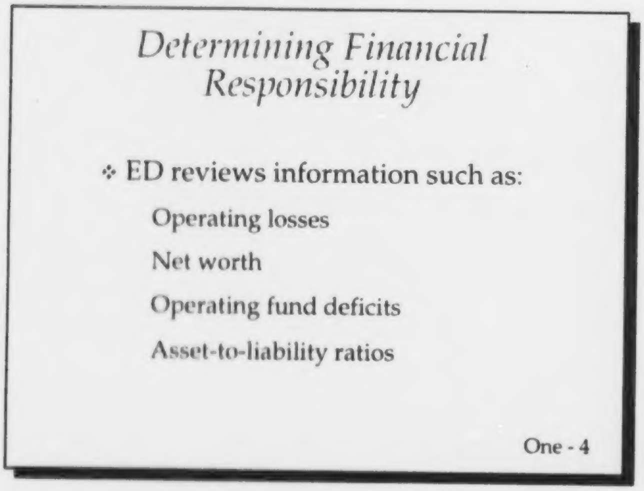
No more than 85% revenue from Title IV programs

At least 15% revenue from non-Title IV sources

One - 3

- According to the 85/15 rule, no more than 85% of an institution's revenue from Title IV-eligible programs in the school's fiscal year may come from Title IV funds.
- To satisfy the 85/15 rule, at least 15% of the institution's revenue from its Title IV-eligible programs must come from non-Title IV sources.

2. Financial Responsibility



Determining Financial Responsibility

❖ ED reviews information such as:

Operating losses

Net worth

Operating fund deficits

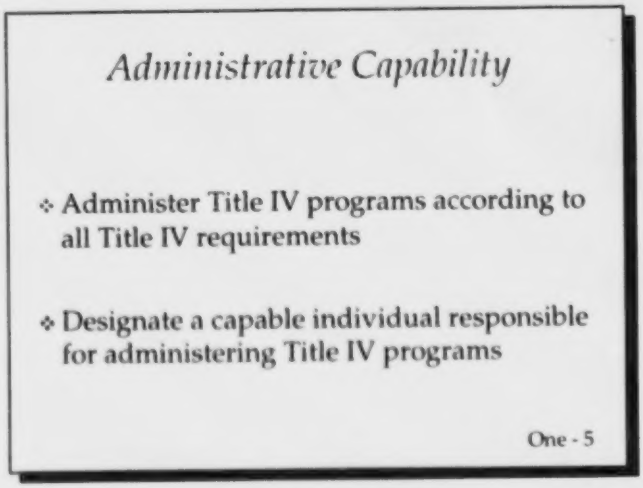
Asset-to-liability ratios

One - 4

Notes

3. Administrative Capability

- ED determines a school's administrative capability by evaluating its audited financial statements and other information against regulatory standards in 34 CFR 668.16.



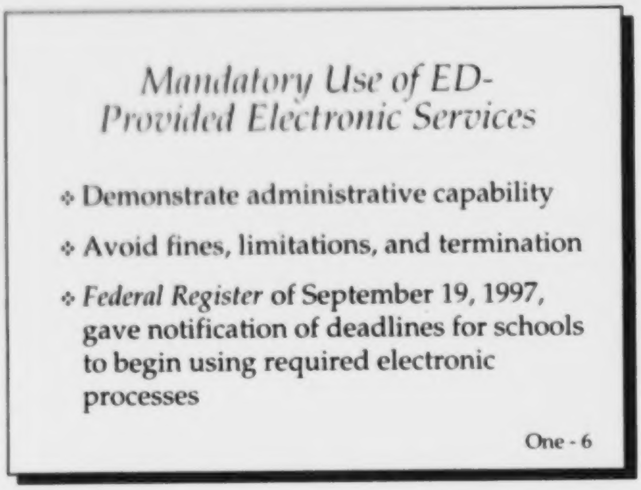
Administrative Capability

- Administer Title IV programs according to all Title IV requirements
- Designate a capable individual responsible for administering Title IV programs

One - 5

Mandatory Use of ED-Provided Electronic Services

- Beginning in the 1997-1998 award year, a new standard of administrative capability will require schools to use specific electronic services provided by ED.



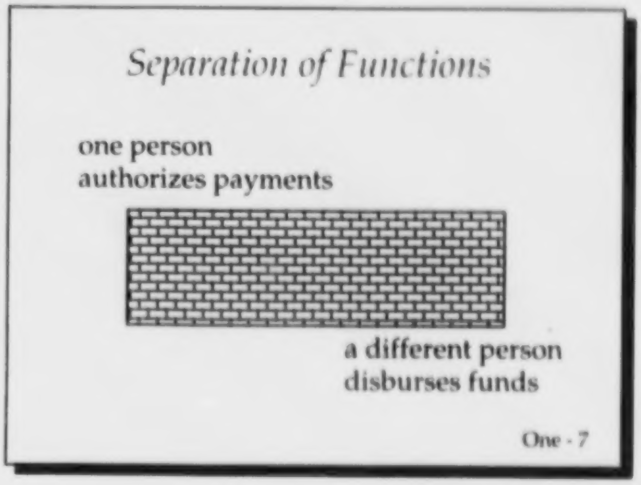
Mandatory Use of ED-Provided Electronic Services

- Demonstrate administrative capability
- Avoid fines, limitations, and termination
- *Federal Register* of September 19, 1997, gave notification of deadlines for schools to begin using required electronic processes

One - 6

- One example of ED's electronic services is the Student Financial Assistance Bulletin Board System (SFA BBS).
- Another example of ED's electronic services is the Title IV Wide Area Network (TIV WAN).
- Look for ED training announcements in the following places:
  - on ED's training web page: www.ed.gov/offices/OPE/announce/trng
  - on ED's home page: www.ed.gov
  - on ED's BBS: sfa.ope.ed.gov

4. Separation of Functions



Separation of Functions

one person
authorizes payments

a different person
disburses funds

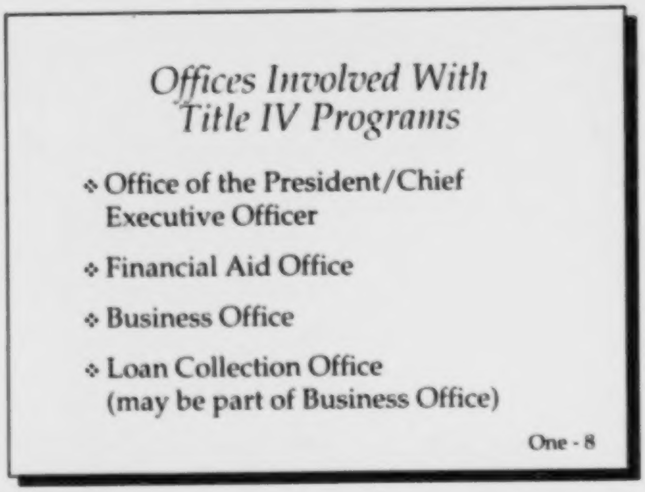
One - 7

- Even at very small institutions, no one person is allowed both to authorize payment of Title IV funds and to disburse or deliver those funds.
- The person who awards and authorizes Title IV funds may not in any way disburse or deliver the funds to students.

Notes

Notes

B. INDIVIDUAL OFFICE RESPONSIBILITIES



Offices Involved With Title IV Programs

- Office of the President/Chief Executive Officer
- Financial Aid Office
- Business Office
- Loan Collection Office (may be part of Business Office)

One - 8

- Some major responsibilities of the above four offices are summarized in the chart starting on the next page.

OFFICE RESPONSIBILITIES

The Office Of The President/Chief Executive Officer (CEO)

President/CEO provides leadership and support critical to school's financial aid program.

- Δ President/CEO can emphasize importance of communication and cooperation among the institution's offices.
- Δ President/CEO can ensure that business office, financial aid office, and loan collection office have sufficient staff and resources to do their jobs.

Office of President/CEO is responsible for ensuring success of school's financial aid program and for maintaining school's Title IV eligibility. President/CEO must ensure proper administration of Title IV programs, including ensuring that institution:

- Δ **is financially responsible** and **administratively capable**, and
- Δ meets requirements in ED's Program Participation Agreement (PPA).

President/CEO must be aware that ED will take administrative actions against schools that:

- Δ acquire and/or misappropriate federal funds in a criminal or fraudulent manner, and/or
- Δ are themselves or have employees who are debarred or suspended by ED or another federal agency from participating in federal programs.
  - Individuals at school may be fined and/or imprisoned for misappropriating funds, giving false information, destroying or concealing financial aid records, or paying a lender an inducement to make Federal Stafford Loans and/or Federal PLUS Loans.
  - Such individuals may also be debarred or suspended from holding any position that involves administering any federal funds.

The Financial Aid Office

The financial aid office has administrative functions including:

- Δ determining students' eligibility for financial aid
- Δ advising and counseling students and parents about aid resources
- Δ keeping current on changes in laws and regulations **and advising business office and President/CEO of such**
- Δ monitoring students' enrollment to ensure that satisfactory academic progress (SAP) is maintained

OFFICE RESPONSIBILITIES (CONT'D)

The Financial Aid Office (cont'd)

Fiscal responsibilities of financial aid office vary from school to school, and may include:

- Δ authorizing payments of Title IV funds to students and/or their Title IV program accounts
- Δ authorizing refunds to students and to Title IV program accounts
- Δ ensuring that school collects any required student repayments
- Δ reporting and reconciling individual student records for Pell Grant Program, Perkins Loan Program, and Direct Loan Program with ED records

Financial aid office may provide entrance and exit counseling to borrowers of FFEL Program loans and Direct Loan Program loans as part of award and delivery process. At some institutions, loan counseling is business office's responsibility as part of disbursement process.

The Business Office

Business office typically handles Title IV-related fiscal operations. It manages both federal and nonfederal financial aid programs for school. It is required to maintain accounting, recordkeeping, and reporting functions.

Some major business office responsibilities are:

- Δ providing general stewardship for federal funds, including internal checks and balances
- Δ drawing down (and returning any excess) Title IV funds
- Δ completing applications and fiscal reports for federal funds
- Δ reconciling accounts
- Δ disbursing and delivering funds to eligible students
- Δ maintaining individual student accounts that record charges, credits, and amounts due
- Δ maintaining records to ensure a clear audit trail
- Δ being aware of changes in Title IV laws and regulations

Business office and financial aid office must perform periodic data comparisons. For example, routine activity of collecting and processing time sheets for Federal Work-Study (FWS) student employees must be coordinated between these two offices.

In addition, these two offices need to coordinate and reconcile financial aid accounts, such as reconciling Pell Grant disbursements made by business office with Pell Grant award information submitted electronically to ED by financial aid office using Pell payment software. This practice is meant to ensure that school records are correct and that the same correct information is reported to ED from both offices.

It is also essential to have close coordination, cooperation, and communication among business office and other institutional offices.

OFFICE RESPONSIBILITIES (CONT'D)

The Business Office (cont'd)

School's financial management system may be automated or manual. It may consist of a large department of professionals or just a couple of individuals.

Whatever the circumstances, a strong system of checks and balances must be in place.

The Loan Collection Office

At some schools, there is separate loan collection office. At others, business office may also have loan collection responsibilities, or third-party servicer may be used. With Federal Perkins Loan administration, for example, work of loan collection office or business office may include executing and managing promissory notes and loan collections.

Some of principal loan-collection responsibilities for Title IV programs are:

- Δ using systems to track loan accounts;
- Δ using due diligence in collecting loans;
- Δ updating promissory notes and disclosure statements;
- Δ promoting efforts to reduce default, including working with students to help prevent default;
- Δ pursuing delinquent accounts, including working with:
  - credit bureaus
  - collection firms
  - skip-tracing companies
  - ED/IRS skip-tracing service
  - court system
  - school's alumni office
- Δ assigning uncollectible loans to ED

Communication with other school offices is necessary for effective loan-collection effort. Good communication with financial aid office is essential for sharing information on student loans.

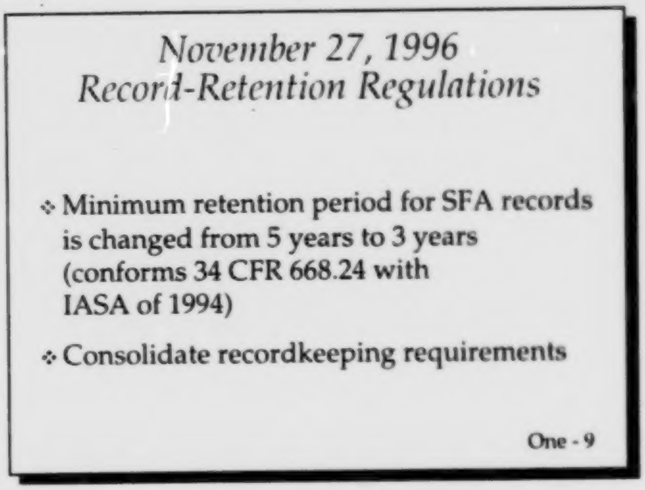
If outside servicer is used:

- Δ School is responsible for monitoring and reporting to ED any servicers it hires.
- Δ School is accountable for actions taken by those servicers.
- Δ School's independent auditor will also want to review an audit of each servicer when school is audited.

Notes

C. RECORD RETENTION

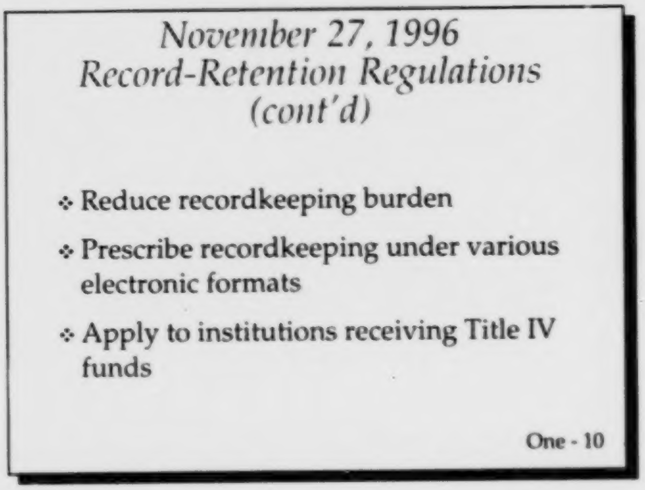
- Regulations published in the November 27, 1996, *Federal Register* at 34 CFR 668.24 generally consolidate the recordkeeping requirements.
- These new regulations set a uniform retention period of three years for the following programs: Federal Perkins Loan, Federal Work-Study (FWS), FSEOG, Federal Family Education Loan (FFEL), Direct Loan, and Federal Pell Grant.



November 27, 1996
Record-Retention Regulations

- Minimum retention period for SFA records is changed from 5 years to 3 years (conforms 34 CFR 668.24 with IASA of 1994)
- Consolidate recordkeeping requirements

One - 9



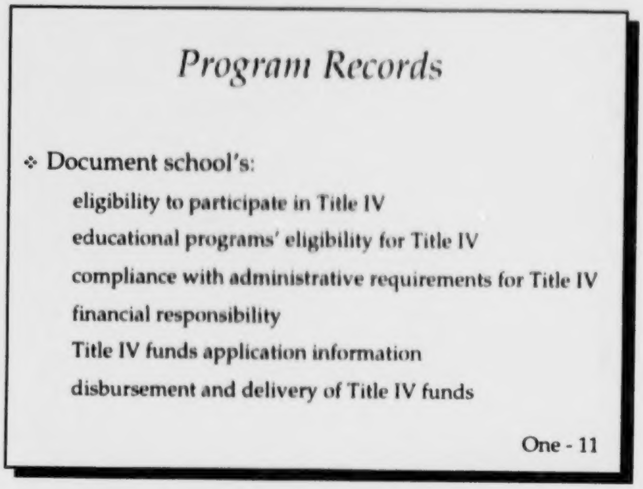
November 27, 1996
Record-Retention Regulations
(cont'd)

- Reduce recordkeeping burden
- Prescribe recordkeeping under various electronic formats
- Apply to institutions receiving Title IV funds

One - 10

1. Program Records

Notes



Program Records

- Document school's:
  - eligibility to participate in Title IV
  - educational programs' eligibility for Title IV
  - compliance with administrative requirements for Title IV
  - financial responsibility
  - Title IV funds application information
  - disbursement and delivery of Title IV funds

One - 11

- The chart below provides examples of required Title IV program records.

EXAMPLES OF REQUIRED TITLE IV PROGRAM RECORDS*

Records relating to a school's administration of Title IV programs for an award year must be kept for 3 years after the end of that award year unless otherwise indicated.

Following are examples of required records that must be established and maintained on a current basis. This list is not comprehensive—see 34 CFR 668.24 for a more comprehensive list.

- Accrediting and licensing agency reviews, approvals, and reports
- State agency reports
- Audit and program review reports
- Self-evaluation reports
- Other records, as specified in the regulations, that pertain to factors of financial responsibility and standards of administrative capability

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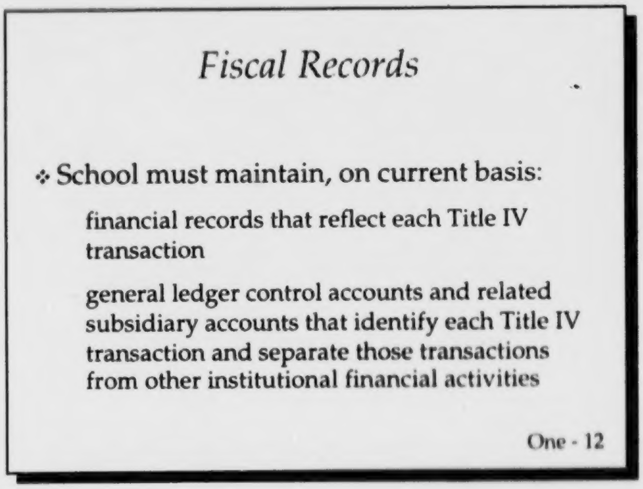
*Records involved in any loan, claim, or expenditure questioned by a Title IV program audit, program review, investigation, or other review must be kept until questions are resolved or the end of the appropriate retention period, whichever is longer.

Notes

2. Fiscal Records



Fiscal Records

- School must maintain, on current basis:

  financial records that reflect each Title IV transaction

  general ledger control accounts and related subsidiary accounts that identify each Title IV transaction and separate those transactions from other institutional financial activities

- The chart on the next page provides examples of required Title IV fiscal records.

EXAMPLES OF REQUIRED TITLE IV FISCAL RECORDS*

Records relating to school's administration of Title IV programs for an award year must be kept for 3 years after the end of that award year unless otherwise indicated.

Following are examples of required records that must be established and maintained on a current basis. This list is not comprehensive—see 34 CFR 668.24(c) for a more comprehensive list.

- Records of all Title IV program transactions
- SAR or ISIR to establish eligibility
- Application data on each Title IV student
- Documentation supporting parent/student eligibility
- Bank statements for all accounts containing Title IV funds
- Student accounts, which include each student's institutional charges, cash payments, Title IV payments, cash disbursements, refunds, and repayments
  - Required for each enrollment period
  - Must be maintained on current basis
- General ledger (control accounts) and related subsidiary ledgers that identify each Title IV program transaction
  - Title IV transactions must be separate from school's other financial transactions
  - Must be maintained on current basis
- Federal Work-Study payroll records
- Records that support data appearing on required reports
  - Federal Pell Grant Statements of Account
  - ED Payment Management System cash requests and quarterly or monthly reports
  - Title IV program reconciliation reports
  - Audit reports and school responses
  - State grant and scholarship award rosters and reports
  - Accrediting and licensing agency reports

---

*Records involved in any loan, claim, or expenditure questioned by a Title IV program audit, program review, investigation, or other review must be kept until questions are resolved or the end of the appropriate retention period, whichever is longer.

Notes

3. Required Records for Administering Title IV Funds

- Some records are common to all Title IV programs.
- These records document the student's or parent borrower's Title IV eligibility, changes in Title IV eligibility, participation in required aspects of a Title IV program (for example, participation in exit and entrance counseling), and receipt of Title IV funds.
- A school must also maintain Title IV reports and supporting documentation.
- The chart on the next page provides examples of required records common to all Title IV programs.

EXAMPLES OF REQUIRED RECORDS COMMON TO ALL TITLE IV PROGRAMS*

Records relating to school's administration of Title IV programs for an award year must be kept for 3 years after the end of that award year, unless otherwise indicated.

Following are examples of required records that must be established and maintained on a current basis. This list is not comprehensive.

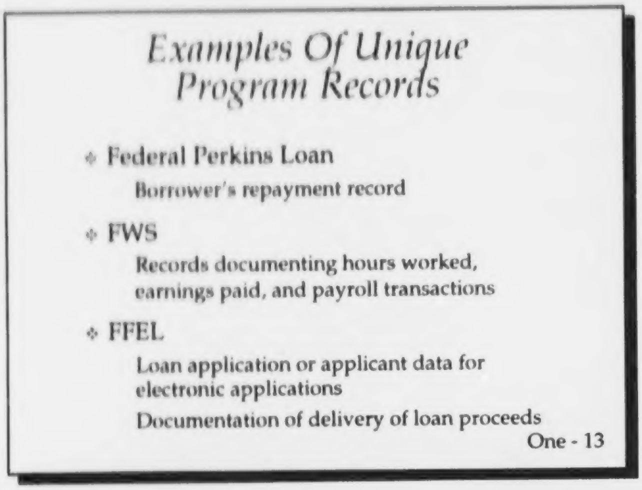
- SAR or ISIR** used to determine eligibility
- Documentation of need and eligibility for Title IV funds
- Cost of attendance information
- Documents used to verify applicant data
- Required student certification statements and supporting documentation
- Documentation of all professional judgment decisions
- Data used to establish student admission, enrollment status, and period of enrollment
- Financial aid history information for transfer students
- Documentation of student's program of study and courses in which enrolled
- Documentation of student's satisfactory academic progress
- Documentation that student is no longer enrolled in elementary school or secondary school
- Documentation of amount, date, and basis of all refund and repayment calculations for a student
- Documentation supporting school's calculations of rates at which students graduate, complete educational programs, or transfer out

*Records involved in any loan, claim, or expenditure questioned by a Title IV program audit, program review, investigation, or other review must be kept until questions are resolved or the end of the appropriate retention period, whichever is longer.

**ISIR must be maintained in format in which it was originally received from ED—electronically in EDExpress or on magnetic tapes or cartridges.

Notes

- Some Title IV records are unique to specific programs such as the Federal Pell Grant, Direct Loan, FFEL, and campus-based programs.



Examples Of Unique Program Records

- Federal Perkins Loan
  - Borrower's repayment record
- FWS
  - Records documenting hours worked, earnings paid, and payroll transactions
- FFEL
  - Loan application or applicant data for electronic applications
  - Documentation of delivery of loan proceeds

One - 13

- The chart on the next two pages provides examples of required records unique to specific Title IV programs.

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EXAMPLES OF REQUIRED RECORDS UNIQUE TO SPECIFIC TITLE IV PROGRAMS

Both Direct Loan Program and FFEL Program*

◆ School must keep following records relating to student or parent borrower's loan eligibility and participation in loan programs for 3 years after end of award year ***in which student last attended school:***

- Amount of loan and loan period
- Amount of tuition and fees paid for loan period and date paid
- Amount and basis of calculation of refund paid to or on behalf of student
- Date and amount of each disbursement of each loan
- Student's job placement, if known
- Borrower information collected at exit interview
- Documentation that student received both entrance and exit counseling

◆ School must keep all other records and reports related to school's participation in loan programs for 3 years after end of award year ***in which records are submitted to ED, to a lender, or to a guaranty agency.***

*FFEL Program** (34 CFR 682.610 and 668.24)

◆ School must keep following records for 3 years after end of award year ***in which student last attended school:***

- Copy of loan application or data electronically transmitted to lender
- Name and address of lender
- Data used to determine student's EFC
- Date school endorsed each loan check
- Date or dates loan proceeds delivered to student
- For loans delivered by EFT, copy of student's written authorization to transfer disbursements (Note: This authorization is usually collected on original loan application.)

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*Records involved in any loan, claim, or expenditure questioned by a Title IV program audit, program review, investigation, or other review must be kept until questions are resolved or the end of the appropriate retention period, whichever is longer.

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EXAMPLES OF REQUIRED RECORDS UNIQUE TO SPECIFIC TITLE IV PROGRAMS (CONT'D)

Campus-Based Programs

*Federal Perkins Loan Program** (34 CFR 674.19 and 668.24)

◆ School must maintain following records until loan is paid in full, discharged or canceled in full, assigned to ED, or is otherwise no longer responsibility of school to collect:

- **Original** promissory notes and repayment schedules kept in locked, fireproof container

◆ School must keep following records during repayment and for 3 years ***from date on which loan is repaid, canceled, or assigned to ED***:

- Each borrower's repayment history (showing date and amount of each repayment) and amount of each repayment credited to principal, interest, collection costs, and penalty or late charges
- Documentation of each contact with borrower or endorser in collection of overdue loan, including date, nature, result of the contact, and copies of all correspondence **except** bills, routine overdue notices, and routine form letters
- Records of any cancellation and deferment requests
- Collection agency reports
- Litigation records
- **Copy** of promissory notes and **copy** of repayment schedules

*FWS Program** (34 CFR 675.19 and 668.24)

◆ School must keep following records for 3 years after end of award year ***in which aid was awarded and disbursed***:

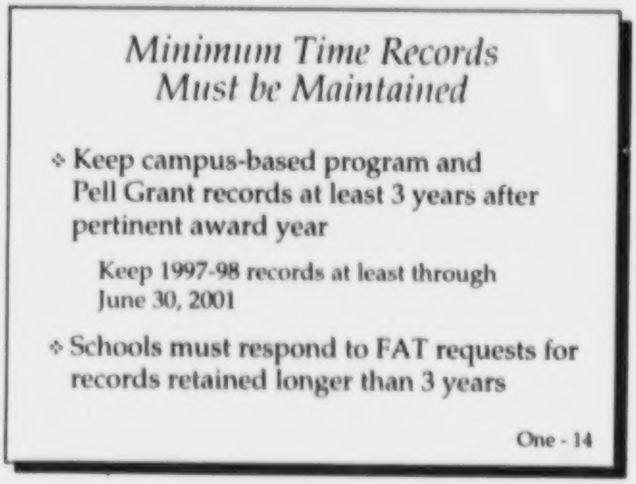
- Certification that each student has worked and earned amount paid, signed by student's supervisor, school official, or off-campus employer
- Payroll voucher to support all payroll disbursements
- For hourly students, time sheet showing hours each student worked, in clock-time sequence or total hours worked each day
- Noncash contribution record, if applicable, documenting any payment of institutional share of student's earnings in form of services and equipment

---

*Records involved in any loan, claim, or expenditure questioned by a Title IV program audit, program review, investigation, or other review must be kept until questions are resolved or the end of the appropriate retention period, whichever is longer.

Notes

4. Minimum Length of Time Records Must be Maintained



Minimum Time Records Must be Maintained

- Keep campus-based program and Pell Grant records at least 3 years after pertinent award year

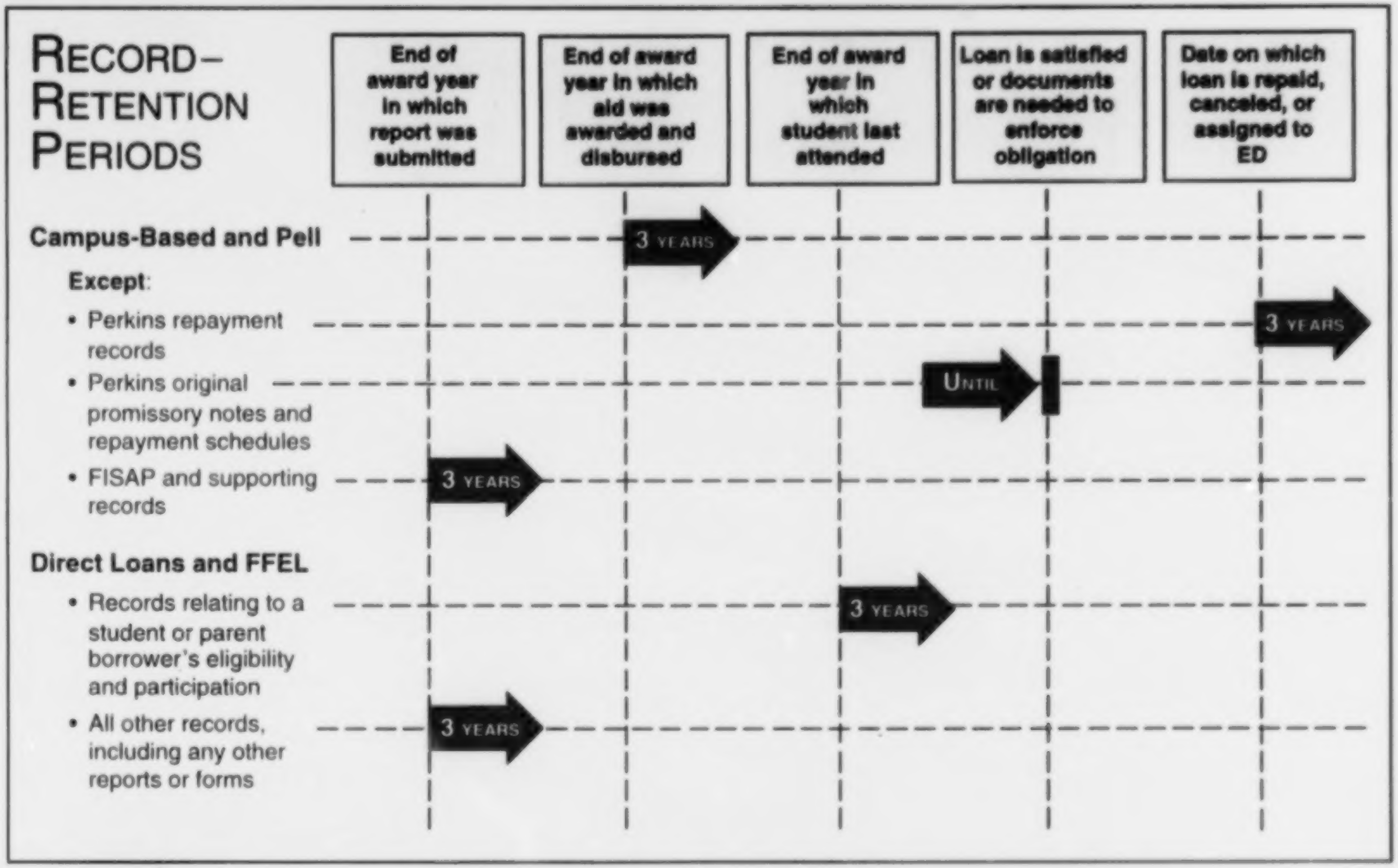
  Keep 1997-98 records at least through June 30, 2001

- Schools must respond to FAT requests for records retained longer than 3 years

One - 14

- The chart on the next page provides an overview of record retention periods.

RECORD–RETENTION PERIODS



	End of award year in which report was submitted	End of award year in which aid was awarded and disbursed	End of award year in which student last attended	Loan is satisfied or documents are needed to enforce obligation	Date on which loan is repaid, canceled, or assigned to ED
Campus-Based and Pell		3 YEARS			
Except:					
• Perkins repayment records					3 YEARS
• Perkins original promissory notes and repayment schedules				UNTIL	
• FISAP and supporting records	3 YEARS				
Direct Loans and FFEL					
• Records relating to a student or parent borrower's eligibility and participation			3 YEARS		
• All other records, including any other reports or forms	3 YEARS				

NOTE *The record retention period lasts for the period shown above unless the record is involved in any loan, claim, or expenditure questioned by a Title IV program audit, program review, investigation, or other review.*

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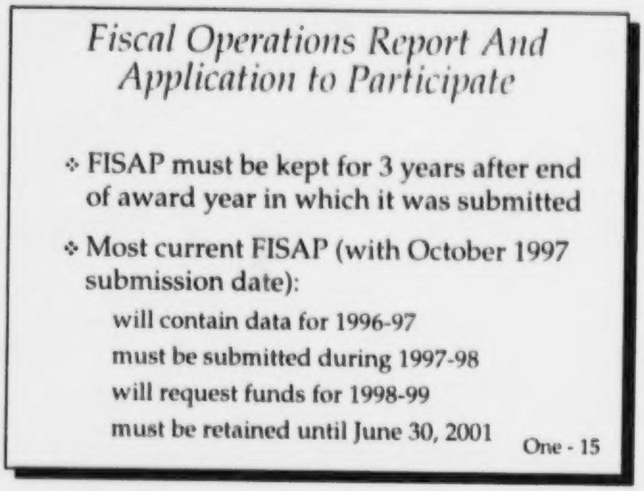
a. Special Rules for FISAP and Federal Perkins Loan Program

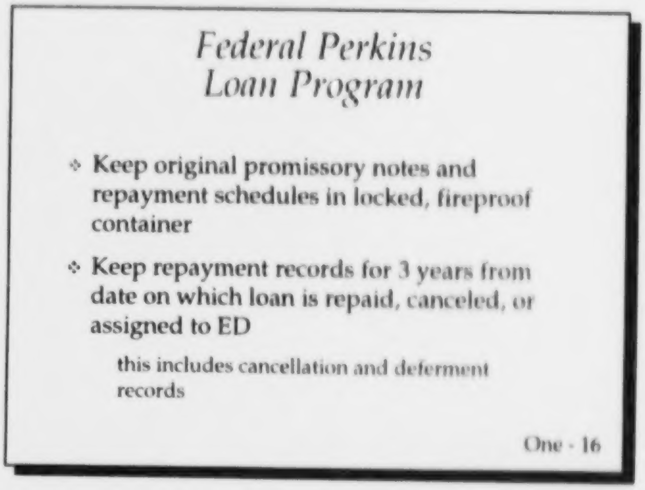
Notes



Fiscal Operations Report And Application to Participate

- FISAP must be kept for 3 years after end of award year in which it was submitted
- Most current FISAP (with October 1997 submission date):
  - will contain data for 1996-97
  - must be submitted during 1997-98
  - will request funds for 1998-99
  - must be retained until June 30, 2001

One - 15



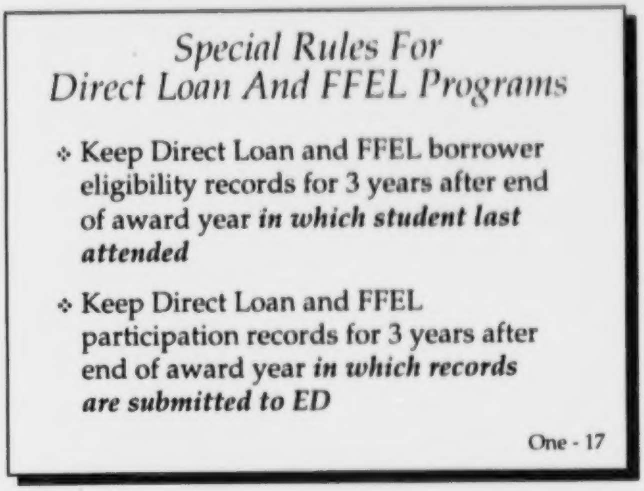
Federal Perkins Loan Program

- Keep original promissory notes and repayment schedules in locked, fireproof container
- Keep repayment records for 3 years from date on which loan is repaid, canceled, or assigned to ED
  - this includes cancellation and deferment records

One - 16

Notes

b. Special Rules for Direct Loan and FFEL Programs



Special Rules For Direct Loan And FFEL Programs

- Keep Direct Loan and FFEL borrower eligibility records for 3 years after end of award year ***in which student last attended***
- Keep Direct Loan and FFEL participation records for 3 years after end of award year ***in which records are submitted to ED***

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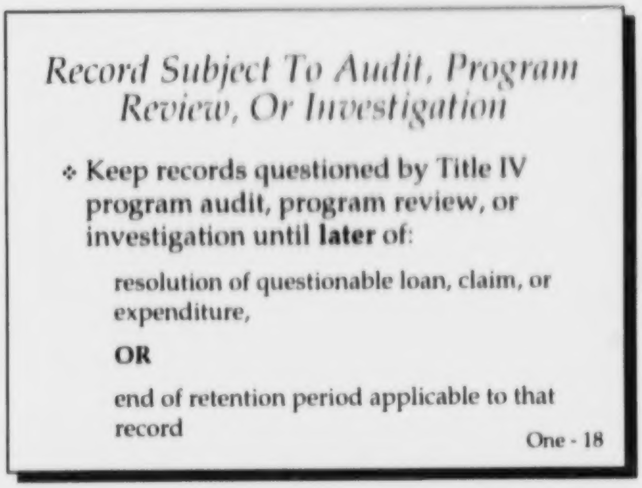
c. Records Subject to Audit, Program Review, or Investigation



Record Subject To Audit, Program Review, Or Investigation

- Keep records questioned by Title IV program audit, program review, or investigation until **later** of:

  resolution of questionable loan, claim, or expenditure,

  OR

  end of retention period applicable to that record

One - 18

Test Yourself Quiz 1

Maintaining Title IV Records

Case A. Ad Astra College's policies and procedures manual specifies recordkeeping requirements for its staff to follow. Some sample policies are listed below—identify any of them that do not satisfy federal requirements.

1. FWS payroll vouchers to support all payroll disbursements are kept for 3 years after end of award year in which aid was awarded and disbursed.
2. Records on amount and basis of calculation of Direct Loan/FFEL refund paid to or on behalf of student are kept for 3 years after end of award year in which refund was made.
3. Records of cost of attendance information are kept for 3 years after end of that award year.
4. Records that support data provided on ED/PMS cash requests and quarterly or monthly reports are kept for 3 years after end of that award year.
5. Records of dates school endorsed FFELProgram loan checks are kept for 3 years after end of award year in which student last attended school.
6. Original promissory notes and repayment schedules are kept in locked, fireproof container until loan is paid in full, discharged or canceled in full, assigned to ED, or otherwise no longer responsibility of school to collect.
7. Financial aid history information for transfer students is kept for 3 years after end of that award year.
8. Program review reports are kept for 2 years after end of that award year.

Case B. Bona Fide Institute's policies and procedures manual specifies recordkeeping requirements for its staff to follow. Some sample policies are listed below—identify any of them that do not satisfy federal requirements.

1. Records on student's job placement, if known, are kept for 3 years after end of award year in which student last attended school.
2. Documentation of all professional judgment decisions is kept for 3 years after end of that award year.
3. Records of name and address of FFEL lender are kept for 3 years after end of award year in which loan was made.

Test Yourself Quiz 1 (cont'd)

4. Accrediting and licensing agency reviews, approvals, and reports are kept for 3 years after end of that award year.
5. Bank statements for all accounts containing Title IV funds are kept for 3 years after end of that award year.
6. Records of a Perkins Loan borrower's repayment history are kept until the loan is paid in full, discharged or canceled in full, assigned to ED, or otherwise no longer responsibility of school to collect.
7. State agency reports are kept for 3 years after end of that award year.
8. Direct Loan/FFEL borrower information collected at exit interview is kept for 3 years after end of award year in which student last attended school.

Case C. Colossus University's policies and procedures manual specifies recordkeeping requirements for its staff to follow. Some sample policies are listed below—identify any of them that do not satisfy federal requirements.

1. Documents supporting student eligibility for Title IV funds are kept for 3 years after end of that award year.
2. Self-evaluation reports are kept for 3 years after end of that award year.
3. Collection agency reports on Perkins Loans are kept for 3 years from date on which loan is repaid, canceled, or assigned to ED.
4. Loan records questioned in an audit are kept for 3 years after end of that award year.
5. Records documenting student's satisfactory academic progress are kept for 3 years after end of that award year.
6. Records of Perkins cancellation and deferment requests are kept for 3 years from date on which loan is repaid, canceled, or assigned to ED.
7. Records on amount of Direct Loan Program/FFEL Program loan and loan period are kept for 3 years after end of award year in which loan was made.
8. Records that support data appearing on Federal Pell Grant Statements of Account are kept for 3 years after end of that award year.

5. Formats for Record Retention

Notes

Record Formats

- Hard copy
- Microform
- Computer file
- Optical disc
- CD-ROM
- Other media formats that meet requirements

One - 19

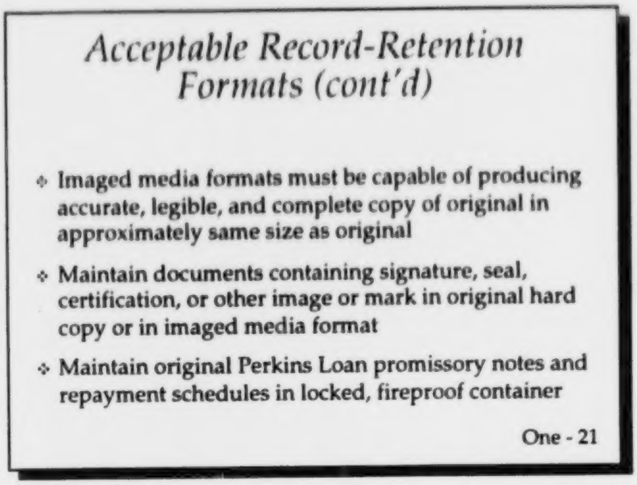
- Although a school may generally keep records in the media formats shown above, the following two overheads show the regulatory restrictions on the media for record retention:

Acceptable Record-Retention Formats

- All record information (except ISIR) must be retrievable in a coherent hard-copy format or in other media identified by ED
- SAR or ISIR must be kept in format in which it was received by school, except SAR may also be kept in imaged format

One - 20

Notes



Acceptable Record-Retention Formats (cont'd)

- Imaged media formats must be capable of producing accurate, legible, and complete copy of original in approximately same size as original
- Maintain documents containing signature, seal, certification, or other image or mark in original hard copy or in imaged media format
- Maintain original Perkins Loan promissory notes and repayment schedules in locked, fireproof container

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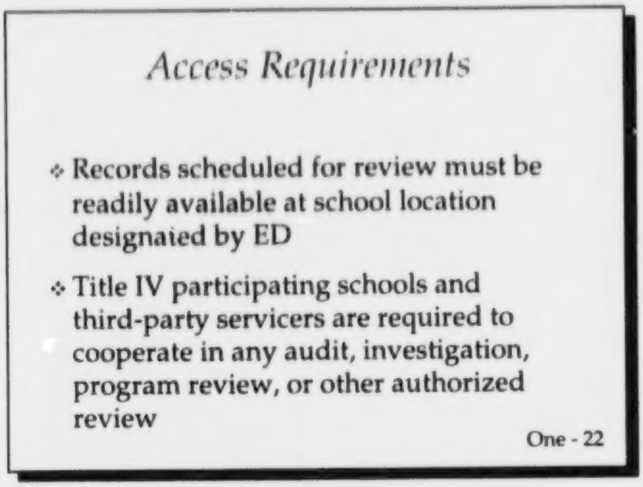
6. Access Requirements



Access Requirements

- Records scheduled for review must be readily available at school location designated by ED
- Title IV participating schools and third-party servicers are required to cooperate in any audit, investigation, program review, or other authorized review

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Notes

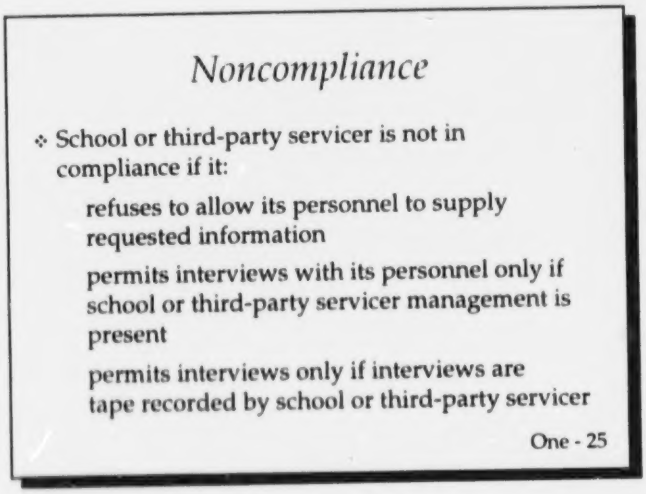
Access Requirements (cont'd)

- School or third-party servicer must provide access to the following entities or their authorized agents:
  - Independent auditors
  - U.S. Secretary of Education
  - U.S. Department of Education's Inspector General
  - Comptroller General of the United States
  - Guaranty agency for participating school
  - Accrediting agency for participating school

Access Requirements (cont'd)

- School or third-party servicer shows cooperation by providing:
  - timely access to records for examining and copying
  - reasonable access to personnel administering Title IV programs
  - for any Title IV recipient, last known address, full name, telephone number, enrollment status, employer, and employer address

Notes



Noncompliance

- School or third-party servicer is not in compliance if it:
  - refuses to allow its personnel to supply requested information
  - permits interviews with its personnel only if school or third-party servicer management is present
  - permits interviews only if interviews are tape recorded by school or third-party servicer

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2

Audits and Financial Responsibility

CONTENTS

A. Overview of Recent Changes in Requirements

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1. Compliance Audits and Audited Financial Statements

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C. Financial Responsibility Changes and Requirements

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2. Refund Reserve Performance Exemption

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1. Case Management Process
2. Risk Analysis Model
3. Action Taken
4. The New IPOS

OBJECTIVES

By the end of this session, you will be able to:

- explain the requirements involved in annual submission of a school's compliance audit report and audited financial statements
- identify changes to regulatory standards for determining financial responsibility
- describe the U.S. Department of Education's (ED's) new approach to monitoring a school's eligibility and participation in Title IV programs

RESOURCES

- *The Blue Book,* Chapter 2 – General Institutional Responsibilities
- *The Blue Book,* Chapter 6 – Title IV Reporting Requirements
- *The 1997-98 Federal Student Financial Aid Handbook,* Chapter 3 – Institutional Eligibility and Administrative Requirements
- Federal Regulations 34 CFR, Parts 600 and 668, Subparts B and H
- *Federal Register,* November 29, 1996 (Student Assistance General Provisions; revised requirements for compliance audits and financial responsibility standards)
- U.S. Department of Education (SFA) Audit Guide, Compliance Audits (Attestation Engagements) of the Federal Student Financial Assistance Programs at Participating Institutions, June 1995
- U.S. Department of Education (SFA) Audit Guide, Compliance Audits (Attestation Engagements) of the Federal Student Financial Assistance Programs at Participating Institutions, July 1997 Update
- OMB Circular A-133, Audits of State, Local Governments, and Other Nonprofit Organizations
- AICPA Statement on Standards for Attestation Engagements (SSAE) No. 3 on *Compliance Attestation*
- Policy Bulletin, June 26, 1997, Student Financial Assistance Programs, Policy Development Division, on "New Compliance Audit Requirements in the November 29, 1996 regulations."

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A. OVERVIEW OF RECENT CHANGES IN REQUIREMENTS

Notes

- As part of the Title IV requirements for institutional eligibility and participation, a school must demonstrate that it is administratively capable and financially responsible. Financial responsibility is determined when the school meets regulatory financial standards.
- A Notice of Proposed Rulemaking (NPRM) was published on September 20, 1996 that proposed, among other things, implementing new financial responsibility standards based on a proposed ratio methodology.
- At the time this session was written, final regulations on the proposed methodology had not been issued. However, other final regulations related to audits and audited financial statements were published on November 29, 1996, and are effective as of July 1, 1997. Refer to the chart below for a summary of these regulations.

SUMMARY OF 11/29/96 FINAL REGULATIONS RELATED TO AUDITS AND FINANCIAL RESPONSIBILITY

- Simultaneous submission of compliance audit and audited financial statement required
- Compliance audit and audit of financial statement can be conducted by different auditors
- Refund reserve 2-year performance exemption clarified
- Financial responsibility standards included for foreign schools
- 85/15 information must now be included in footnote to audited financial statement

Notes

B. AUDIT CHANGES AND CURRENT CLOSE-OUT REQUIREMENTS

1. Compliance Audits and Audited Financial Statements

- Prior to the recent regulatory changes, a school was required to submit: 1) an audited financial statement conducted on a fiscal-year basis; and 2) an annual compliance audit conducted on an award-year basis.

- Consistent with ED's efforts to reduce institutional burden, the requirement to submit a separate, audited, financial statement four months after the fiscal year ends has been eliminated.

- Under the November 29, 1996 final regulations, any school and third-party servicer (with certain exceptions) that participates in any Title IV aid program is required to have a compliance audit conducted by an independent auditor of its administration of Title IV aid programs.

New Audit Requirements

- Both compliance audit and audited financial statement submitted as single audit reporting package
- Prepared on fiscal year basis
- Submitted 6 months after fiscal year, except as provided by Single Audit Act
- Conducted in accordance with generally accepted accounting principles, generally accepted auditing standards, and the *SFA Audit Guide*

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- Failure to submit the audit reporting package by the deadline and in the manner specified may result in limitation, suspension, or termination proceedings by ED.

Notes

Compliance Audits

- Conducted in accordance with:

  OMB Circular A-133

  AICPA Statement on Standards for Attestation Engagements No. 3

  SFA Audit Guide (1995 edition and 1997 update)

  OR

  Other applicable guidelines from OMB/ED

- Both schools and third-party servicers are required to give ED and ED's Office of Inspector General access to records, to audit work papers, and to any other documents necessary for reviewing school and third-party audits.

Audited Financial Statements

- Submitted with compliance audit
- Submitted for complete fiscal year
- Audited by independent auditor
- May include information from two award years

- When the school's fiscal year does not correspond with the Title IV award year, ED believes the burden reduction provided by eliminating separate submissions of the audited financial statement will offset any difficulty imposed by including two award years in one compliance audit report.

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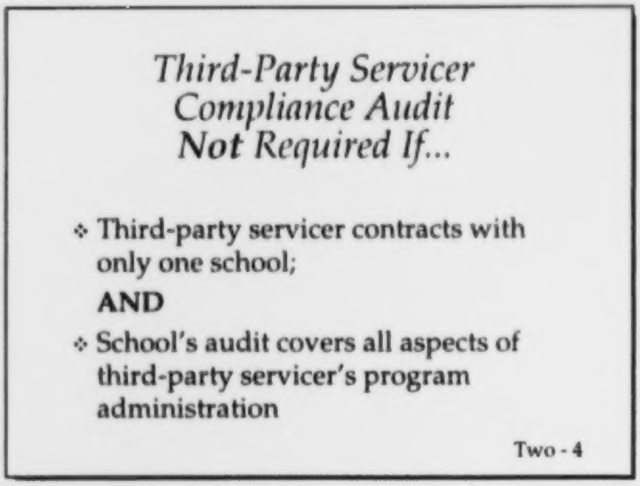
Notes



Third-Party Servicer Compliance Audit Not Required If...

- Third-party servicer contracts with only one school;

AND

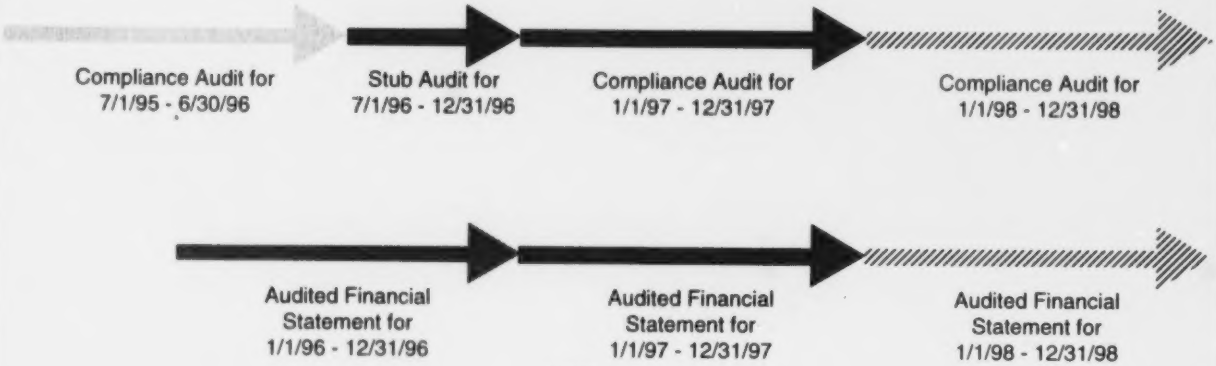
- School's audit covers all aspects of third-party servicer's program administration

Two - 4

- If the school's fiscal year and the Title IV award year do not coincide, the compliance audit would contain information from two separate award years.
- Such schools would be required to submit a **stub audit** on any gap between the period covered by the last award year compliance audit and the first fiscal year compliance audit.
- The stub audit will be due at the same time as the first fiscal year compliance audit.
- Read the example and charts on the next three pages and complete the quiz that follows on stub audits and related issues.

EXAMPLE OF STUB AUDIT: XYZ SCHOOL

1. XYZ School has a fiscal year that goes from January 1 through December 31.
2. When XYZ School submits its first compliance audit under the recent regulatory changes, it must include all Title IV aid transactions that have occurred since the period covered by the past compliance audit. (That audit covered the period of the prior award year—from July 1, 1995 through June 30, 1996.)
3. Thus, the school must submit two compliance audit reports.
   a. One report must cover Title IV aid transactions from July 1, 1996 to December 31, 1996. This report represents the stub audit.
   b. The second report must cover the transactions that occurred during the school's most recently completed fiscal year—from January 1, 1997 through December 31, 1997.
4. There is no period of time not included in these compliance audit reports for either the school's most recently completed award year or the school's fiscal year since the period covered by the past compliance audit.
5. Please note that XYZ School does not prepare audits according to the Single Audit Act. Both the stub audit ***and*** the audit reporting package (the compliance audit report and its audited financial statement for the school's most recently completed fiscal year of January 1, 1997 - December 31, 1997) must be submitted ***together*** on or before June 30, 1998.
6. For subsequent audit submissions, XYZ School would submit together the compliance audit and the audited financial statement for each successive fiscal year audited. This audit reporting package would continue to be due no later than six months after the end of that fiscal year. No further stub audits would be needed.
7. For instance, the school would submit its next audit reporting package, consisting of the compliance audit and the audited financial statement for the fiscal year from January 1, 1998 through December 31, 1998, by June 30, 1999.
8. In the diagram below, note that items with the same color are submitted together.


Compliance Audit for 7/1/95 - 6/30/96
Stub Audit for 7/1/96 - 12/31/96
Compliance Audit for 1/1/97 - 12/31/97
Compliance Audit for 1/1/98 - 12/31/98
Audited Financial Statement for 1/1/96 - 12/31/96
Audited Financial Statement for 1/1/97 - 12/31/97
Audited Financial Statement for 1/1/98 - 12/31/98

Audit submission due dates for 1997

School's fiscal year end date	Financial audit		Compliance audit	
	Due	Period audited	Due	Period audited
September 30, 1996	January 31, 1997	October 1, 1995 thru September 30, 1996	March 31, 1997	July 1, 1995 thru June 30, 1996
December 31, 1996	April 30, 1997	January 1, 1996 thru December 31, 1996	June 30, 1997	July 1, 1995 thru June 30, 1996
March 31, 1997	September 30, 1997	April 1, 1996 thru March 31, 1997	September 30, 1997	July 1, 1995 thru March 31, 1996 AND April 1, 1996 thru March 31, 1997
June 30, 1997	December 31, 1997	July 1, 1996 thru June 30, 1997	December 31, 1997	July 1, 1995 thru June 30, 1996

Audit submission due dates for 1998 and 1999

School's fiscal year end date	Both audits due	Financial audit Period audited	Compliance audit Period audited	School's fiscal year end date	Both audits due	Period audited (financial and compliance)
September 30, 1997	March 31, 1998	October 1, 1996 thru September 30, 1997	July 1, 1996 thru September 30, 1996 AND October 1, 1996 thru September 30, 1997	September 30, 1998	March 31, 1999	October 1, 1997 thru September 30, 1998
December 31, 1997	June 30, 1998	January 1, 1997 thru December 31, 1997	July 1, 1996 thru December 31, 1996 AND January 1, 1997 thru December 31, 1997	December 31, 1998	June 30, 1999	January 1, 1998 thru December 31, 1998
March 31, 1998	September 30, 1998	April 1, 1997 thru March 31, 1998	April 1, 1997 thru March 31, 1998	March 31, 1999	September 30, 1999	April 1, 1998 thru March 31, 1999
June 30, 1998	December 31, 1998	July 1, 1997 thru June 30, 1998	July 1, 1997 thru June 30, 1998	June 30, 1999	December 31, 1999	July 1, 1998 thru June 30, 1999

Test Yourself Quiz 1

Compliance Audits and Audited Financial Statements

In this exercise, you will determine the reporting periods and submission deadlines for compliance audits and audited financial statements under the new regulatory requirements.

> Acme School does not prepare audits according to the Single Audit Act. Acme has a fiscal year from September 1 through August 31. It previously submitted a compliance audit for the 1995-96 award year.

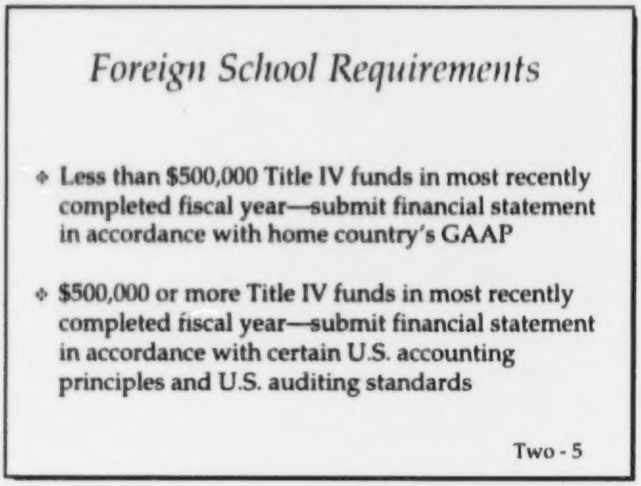
1. What time periods would be covered by the two compliance audit reports due from Acme School after the effective date of the new audit submission requirements?

2. What is the deadline date for the school to submit to ED the two compliance audit reports and the audited financial statement accompanying these reports?

3. What is the period to be covered for Acme School's next compliance audit and audited financial statement submission? What is their submission deadline?

Notes

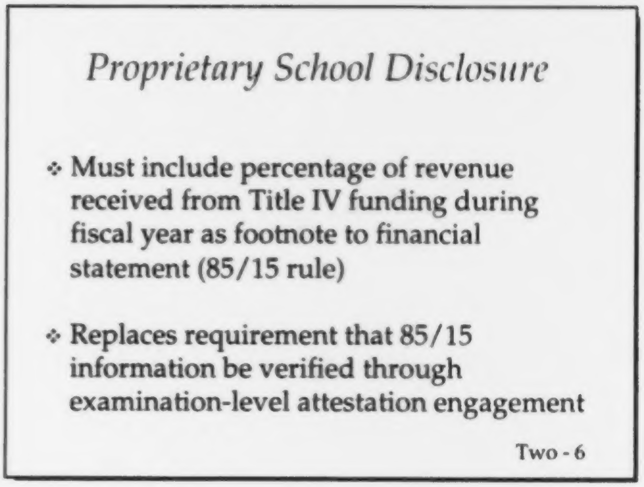
2. Requirements for Foreign Schools



Foreign School Requirements

- Less than $500,000 Title IV funds in most recently completed fiscal year—submit financial statement in accordance with home country's GAAP
- $500,000 or more Title IV funds in most recently completed fiscal year—submit financial statement in accordance with certain U.S. accounting principles and U.S. auditing standards

3. Additional Disclosure Requirement for Proprietary Schools



Proprietary School Disclosure

- Must include percentage of revenue received from Title IV funding during fiscal year as footnote to financial statement (85/15 rule)
- Replaces requirement that 85/15 information be verified through examination-level attestation engagement

- The percentage of revenue must be calculated according to the fraction formula in 34 CFR 600.5(d)(1)(2).

4. Close-Out Audits

- A school ends its participation in Title IV aid programs under one or more of the seven circumstances listed below.

ENDING PARTICIPATION IN TITLE IV PROGRAMS

Schools end their participation in Title IV programs under the following circumstances:

1. The institution closes or stops providing educational programs.
2. The institution loses its institutional eligibility.
3. The institution's participation is ended through termination proceedings.
4. The institution's period of participation expires or its provisional certification is revoked.
5. The institution's Program Participation Agreement is terminated by the school or by ED, or it expires.
6. The institution's participation ends through an excessively high cohort default rate.*
7. The institution remains open and voluntarily withdraws from the Title IV aid programs.

*Schools lose FFEL Program eligibility and Direct Loan Program eligibility if their FFEL, Direct Loan, and/or weighted average cohort default rates equal or exceed 25 percent for the three most recent years. Schools can lose eligibility for all Title IV aid programs if their FFEL, Direct Loan, and/or weighted average cohort default rate exceeds 40 percent.

When a school ends its participation in Title IV programs:

- It must *immediately* inform ED
- It must arrange for a *close-out audit*

Required within 45 days after closing:

- Letter of engagement for close-out audit
- All financial, performance, and other reports required by Title IV regulations
- Information on retention and storage arrangements for Title IV records
- Information on provisions for collecting outstanding NDSL or Perkins loans

Close-out audit:

- 34 CFR 668.26 of General Provisions—school that ends participation in Title IV programs must submit an independent audit of all Title IV funds received
- Close-out audit must be submitted within 90 days of end of Title IV participation

- When a school ends its participation in the Title IV aid programs, it must immediately notify ED of that fact and submit certain documents and other information to ED. The documents and information are listed in the chart on the previous page.

Notes

C. FINANCIAL RESPONSIBILITY CHANGES AND REQUIREMENTS

- Both initial participation and continued participation in the Title IV aid programs require a school to demonstrate that it is financially responsible.

1. Current Standards For Financial Responsibility

- To determine a school's financial responsibility, ED reviews various financial information about the school, taking into account the differences in generally accepted accounting principles applicable to for-profit and nonprofit schools.

Some General Standards of Financial Responsibility

- Providing the services described in the school's official publications and statements
- Providing sufficient resources for administration
- Meeting all school financial obligations

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Notes

Some General Standards of Financial Responsibility (cont'd)

- Being current in paying institutional debts
- Submitting required audit reports
- Passing the most recent audit without having an adverse opinion or a statement doubting that the school can continue as a "going concern" or without having received a disclaimed or adverse opinion by the independent accountant

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- Read the financial responsibility standards for for-profit, nonprofit, and public institutions, as shown in the reproduced regulations under 34 CFR 668.15.
- Then, complete the five multiple-choice questions in Quiz 2 that cover these standards.

REGULATIONS ON FINANCIAL RESPONSIBILITY STANDARDS FOR DIFFERENT TYPES OF INSTITUTIONS

The following excerpt is from the regulations 34 CFR 668.15(b)(7), (8), and (9).

(7) For a for-profit institution—

(i)(A) Demonstrates at the end of its latest fiscal year, an acid test ratio of at least 1:1. For purposes of this section, the acid test ratio shall be calculated by adding cash and cash equivalents to current accounts receivable and dividing the sum by total current liabilities. The calculation of the acid test ratio shall exclude all unsecured or uncollateralized related party receivables.

(B) Has not had operating losses in either or both of its two latest fiscal years that in sum result in a decrease in tangible net worth in excess of 10 percent of the institution's tangible net worth at the beginning of the first year of the two-year period. The Secretary may calculate an operating loss for an institution by excluding from net income: extraordinary gains or losses; income or losses from discontinued operations; prior period adjustment; and, the cumulative effect of changes in accounting principle. For purposes of this section, the calculation of tangible net worth shall exclude all assets defined as intangible in accordance with generally accepted accounting principles; and

(C) Had, for its latest fiscal year, a positive tangible net worth. In applying this standard, a positive tangible net worth occurs when the institution's tangible assets exceed its liabilities. The calculation of tangible net worth shall exclude all assets classified as intangible in accordance with the generally accepted accounting principles; or

(ii) Demonstrates to the satisfaction of the Secretary that it has currently issued and outstanding debt obligations that are (without insurance, guarantee, or credit enhancement) listed at or above the second highest rating level of credit quality given by a nationally recognized statistical rating organization;

(8) For a nonprofit institution—

(i)(A) Prepares a classified statement of financial position in accordance with generally accepted accounting principles or provides the required information in notes to the audited financial statements;

(B) Demonstrates at the end of its latest fiscal year, an acid test ratio of at least 1:1. For purposes of this section, the acid test ratio shall be calculated by adding cash and cash equivalents to current accounts receivable and dividing the sum by total current liabilities. The calculation of the acid test ratio shall exclude all unsecured or uncollateralized related party receivables.

(C)(1) Has, at the end of its latest fiscal year, a positive unrestricted current fund balance or positive unrestricted net assets. In calculating the unrestricted current fund balance or the unrestricted net assets for an institution, the Secretary may include funds that are temporarily restricted in use by the institution's governing body that can be transferred to the current unrestricted fund or added to net unrestricted assets at the discretion of the governing body; or

(2) Has not had, an excess of current fund expenditures over current fund revenues over both of its 2 latest fiscal years that results in a decrease exceeding 10 percent in either the unrestricted current fund balance or the unrestricted net assets at the beginning of the first year of the 2-year period. The Secretary may exclude from net changes in fund balances for the operating loss calculation: Extraordinary gains or losses; income or losses from discontinued operations; prior period adjustment; and the cumulative effect of changes in accounting principle. In calculating the institution's unrestricted current fund balance or the unrestricted net assets, the Secretary may include funds that are temporarily restricted in use by the institution's governing body that can be transferred to the current unrestricted fund or added to net unrestricted assets at the discretion of the governing body; or

(ii) Demonstrates to the satisfaction of the Secretary that it has currently issued and outstanding debt obligations which are (without insurance, guarantee, or credit enhancement) listed at or above the second highest rating level of credit quality given by a nationally recognized statistical rating organization.

(9) For a public institution—

(i) Has its liabilities backed by the full faith and credit of a State, or by an equivalent governmental entity;

(ii) Has a positive current unrestricted fund balance if reporting under the Single Audit Act;

(iii) Has a positive unrestricted current fund in the State's Higher Education Fund, as presented in the general purpose financial statements;

(iv) Submits to the Secretary, a statement from the State Auditor General that the institution has, during the past year, met all of its financial obligations, and that the institution continues to have sufficient resources to meet all of its financial obligations; or

(v) Demonstrates to the satisfaction of the Secretary that it has currently issued and outstanding debt obligations which are (without insurance, guarantee, or credit enhancement) listed at or above the second highest rating level of credit quality given by a nationally recognized statistical rating organization.

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Test Yourself Quiz 2

Financial Responsibility Standards for Different Types of Institutions

Check all boxes that apply.

1. For-profit and nonprofit postsecondary institutions:

   ☐ A. Must demonstrate at the end of their latest fiscal year an acid test ratio of at least 1:1.

   ☐ B. Must exclude all unsecured or uncollateralized related party receivables for calculating the acid test ratio.

   ☐ C. Must calculate the acid test ratio by adding cash and cash equivalents to current accounts receivable and dividing the sum by total current liabilities.

   ☐ D. All of the above.

2. A for-profit postsecondary institution must:

   ☐ A. Have a positive tangible net worth or currently issued, outstanding debt obligations at or above the second-highest credit quality rating.

   ☐ B. Not have operating losses in either or both of the two latest fiscal years that reduce the institution's tangible net worth by more than 10 percent by the end of the second fiscal year.

   ☐ C. Both A and B.

   ☐ D. Neither A nor B.

3. A nonprofit postsecondary institution that does not have an excess of current fund expenditures over current fund revenues for the two latest fiscal years must not have:

   ☐ A. Losses in both of the latest two fiscal years that exceed 10 percent at the beginning of the first year of the two-year period.

   ☐ B. Decreases in the unrestricted fund balance and unrestricted net assets that exceed 10 percent of the two-year period.

   ☐ C. Decreases in the unrestricted fund balance or unrestricted net assets that exceed 10 percent at the beginning of the first year of the two-year period.

   ☐ D. None of the above.

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Test Yourself Quiz 2 (cont'd)

4. For a nonprofit postsecondary institution, ED:
   - ☐ A. Must exclude net changes in fund balances when calculating operating loss.
   - ☐ B. May exclude net changes in fund balances when calculating operating loss.
   - ☐ C. May include net changes in fund balances when calculating operating loss.
   - ☐ D. Both B and C.
   - ☐ E. None of the above.

5. A public institution:
   - ☐ A. Must meet the acid ratio test.
   - ☐ B. Must be backed by the full faith and credit of a state or an equivalent government entity.
   - ☐ C. Must have a positive current unrestricted fund balance if reporting under the Single Audit Act.
   - ☐ D. Must have a positive unrestricted current fund in the state's Higher Education Fund, as presented in the general purpose financial statement.
   - ☐ E. Both A and B.
   - ☐ F. All of the above.
   - ☐ G. May meet B, C, or D or another criterion under 34 CFR 668.15(b)(9) to demonstrate financial responsibility.

Notes

General And Refund Standards

- Two specific standards require school to:

  meet obligations to make timely refunds of federal funds and repayments to ED,

  AND

  meet tests of past performance

- Another set of standards requires school to:

  meet or exceed certain financial tests (acid test ratio of assets to liabilities),

  OR

  meet alternative methods

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2. Refund Reserve Performance Exemption

- As part of the general standards of financial responsibility, a school is required to meet refund standards.

Refund Reserve Performance Exemption

- School must submit irrevocable letter of credit according to ED criteria unless it:

  qualifies for 2-year refund performance standard,

  OR

  demonstrates that its liabilities are backed by full faith and credit of state or equivalent government entity,

  OR

  participates in state tuition recovery fund approved by ED

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Refund Exemption Also Granted

- If, in compliance audit for two most recent years, auditor did **NOT**:

  find that school made late refunds to 5% or more of students in sample of records examined

  AND

  note material weakness or reportable condition in school's report on internal controls related to refunds

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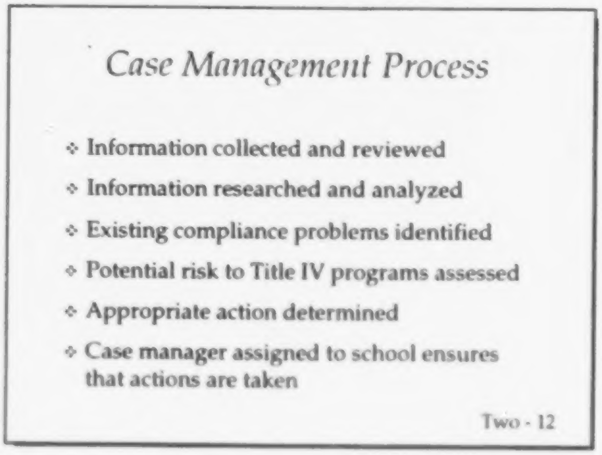
Notes

- Refunds must be made in accordance with the timelines for paying refunds contained in 34 CFR 668.22, which we will cover in Session 6.

D. ED'S NEW APPROACH TO INSTITUTIONAL OVERSIGHT

1. Case Management Process

- The Institutional Participation and Oversight Service (IPOS) is responsible for monitoring institutional eligibility and participation in Title IV aid programs.
- As a result of ED's review of existing oversight processes, ED has restructured its oversight to analyze school data from a variety of sources and to prioritize schools based on risk to Title IV aid programs.
- ED now conducts oversight using a case management approach through Case Teams and a system of risk analysis to target its resources to those schools that have the highest potential risk to the government.



Case Management Process

- Information collected and reviewed
- Information researched and analyzed
- Existing compliance problems identified
- Potential risk to Title IV programs assessed
- Appropriate action determined
- Case manager assigned to school ensures that actions are taken

Two - 12

Information Collection

- On the next page, a chart entitled "Case Management Process" shows the wide variety of sources from which IPOS collects information.

CASE MANAGEMENT PROCESS

INPUTS

- Application for certification and recertification
- School financial statements
- Audits
- Compliance records
- Accrediting agencies and licensing boards
- State agencies
- Congressional inquiries
- Student and other complaints
- Risk reports
- ED databases
- Administrative Actions and Appeals Division
- Accreditation and Eligibility Determination Division
  - State Liaison and Closed School Branch
- Default Management Division
- Performance Improvement and Procedures Division
  - Performance and Accountability Improvement Branch
- Data Management and Analysis Division

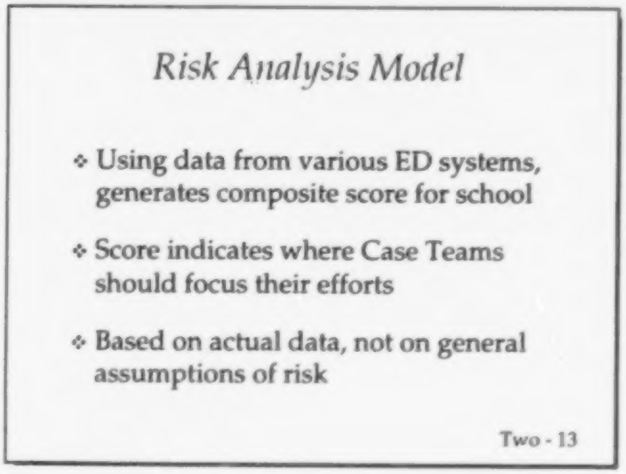
CASE TEAM

OUTPUT

Decision on school action to be taken

Notes

2. Risk Analysis Model



Risk Analysis Model

- Using data from various ED systems, generates composite score for school
- Score indicates where Case Teams should focus their efforts
- Based on actual data, not on general assumptions of risk

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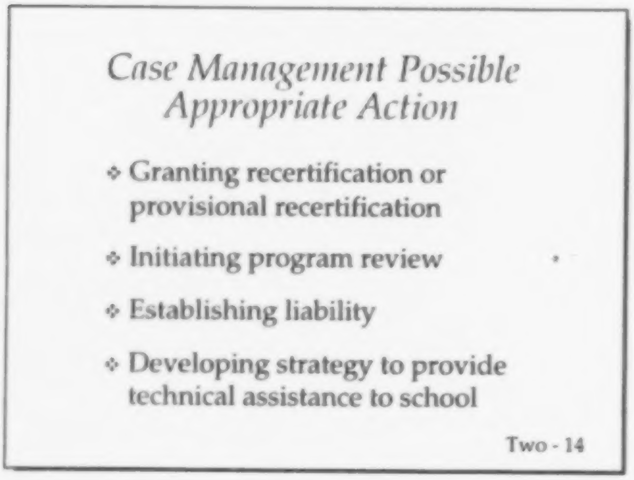
3. Action Taken

- Each Case Team determines the action ED should take commensurate with the level of risk indicated.



Case Management Possible Appropriate Action

- Granting recertification or provisional recertification
- Initiating program review
- Establishing liability
- Developing strategy to provide technical assistance to school

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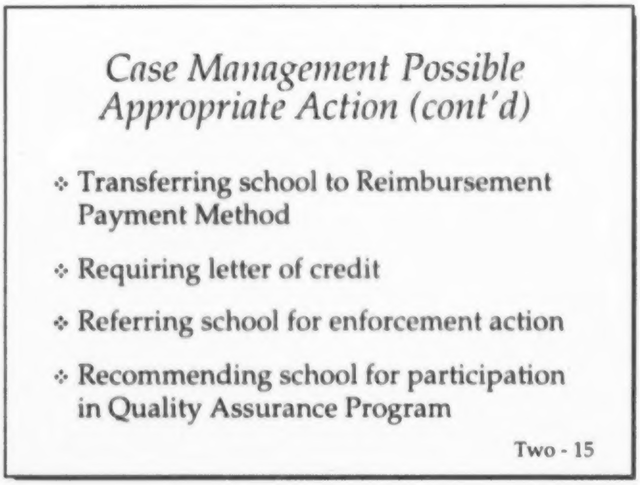
Notes



Case Management Possible Appropriate Action (cont'd)

- Transferring school to Reimbursement Payment Method
- Requiring letter of credit
- Referring school for enforcement action
- Recommending school for participation in Quality Assurance Program

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4. The New IPOS

- IPOS is making every effort to be responsive to the financial aid community. Schools can expect the actions listed in the chart on the next page.
- Case Management Division contact phone numbers are provided on the last page of this session.

THE NEW IPOS

Schools can expect the following from the new Institutional Participation and Oversight Service:

- Responsiveness to questions and concerns;
- Accurate information about the status of actions;
- Integrated review and action, where appropriate;
- Improved document handling;
- Technical assistance;
- Completion of work within required time frames;
- Use of information from other Student Financial Assistance units in monitoring the school;
- More effective coordination of monitoring activity with adverse actions reported by accrediting agencies and adverse information provided by states;
- Timely action against schools that do not submit required audits and reports; and
- Program reviews primarily targeted on schools demonstrating the greatest risk to federal funds.

CASE MANAGEMENT DIVISION CONTACT PHONE NUMBERS

Case Management Division - Northeast

Boston Team	(617) 223-9338	CT, ME, MA, NH, RI, VT
New York Team	(212) 264-4022	NJ, NY, Puerto Rico, Virgin Islands
Philadelphia Team	(215) 596-0247	DE, MD, PA, VA, WV, Washington, DC

Case Management Division - Southeast

Atlanta Team	(404) 562-6315	AL, FL, GA, KY, MS, NC, SC, TN
Kansas City Team	(816) 880-4053	IA, KS, MO, NE

Case Management Division - Northwest

Chicago Team	(312) 886-8767	IL, IN, MI, MN, OH, WI
Seattle Team	(206) 287-1770	AK, ID, OR, WA
Denver Team	(303) 844-3677	CO, MT, ND, SD, UT, WY

Case Management Division - Southwest

Dallas Team	(214) 767-3811	AR, LA, NM, OK, TX
San Francisco Team	(415) 437-8276	AZ, CA, HI, NV, American Samoa, Guam, States of Micronesia, Palau, Marshall Islands, Northern Marianas

Case Management Division Directors

Washington, DC	(202) 205-0183

3

New Financial Responsibility Regulations

At the time these materials were published, new regulations had not been approved.

Notes

4

Managing Campus-Based Program Funds

CONTENTS

A. **Participating in the Campus-Based Programs**

  1. The Funding Process
  2. Allocation of Funds

B. **Federal Perkins Loan Program**

  1. Sources of Perkins Loan Funds
  2. Level of Expenditure
  3. Expanded Lending Option

C. **Federal Work-Study Program**

  1. FWS Funding
  2. Federal and Nonfederal Shares
  3. FWS Programs and Job Types

     Quiz 1: FWS Community Service Expenditures

D. **Federal Supplemental Educational Opportunity Grant Program**

E. **Administrative Cost Allowances**

F. **Transfer and Carry Forward/Carry Back Provisions**

G. Case Study: Estimating Funds Available for Awards

Appendix: State Commissions for National and Community Service

OBJECTIVES

By the end of this session, you will be able to:

- describe how to apply for campus-based funds
- explain key concepts of the Federal Perkins Loan Program, including level of expenditure and expanded lending option
- explain important elements of the FWS Program, including the Job Location and Development Program and America Reads
- explain key concepts of the FSEOG Program, including the nonfederal share options
- describe the transfer, carry forward/carry back, and administrative cost allowance provisions

RESOURCES

- *The Blue Book*, Chapter 3 – Key Fiscal Procedures in Title IV Campus-Based Programs
- *The 1997-98 Federal Student Financial Aid Handbook*, Chapter 5 – Campus-Based Programs, Common Elements
- *The 1997-98 Federal Student Financial Aid Handbook*, Chapter 6 – Perkins Loans
- *The 1997-98 Federal Student Financial Aid Handbook*, Chapter 7 – FWS
- *The 1997-98 Federal Student Financial Aid Handbook*, Chapter 8 – FSEOG
- *Expanding Federal Work-Study and Community Service Opportunities* (May 1997)
- *Federal Register*, November 27, 1996 (FWS regulations; changes in FWS share limitations)
- Dear Colleague Letter CB-96-22 (Preliminary estimate of school's 1997-98 FWS allocation)
- Dear Colleague Letter CB-96-21 (Instructions for editing FISAP)
- Dear Colleague Letter CB-97-12 (Information on FWS and its community service aspects including reading tutors of children)

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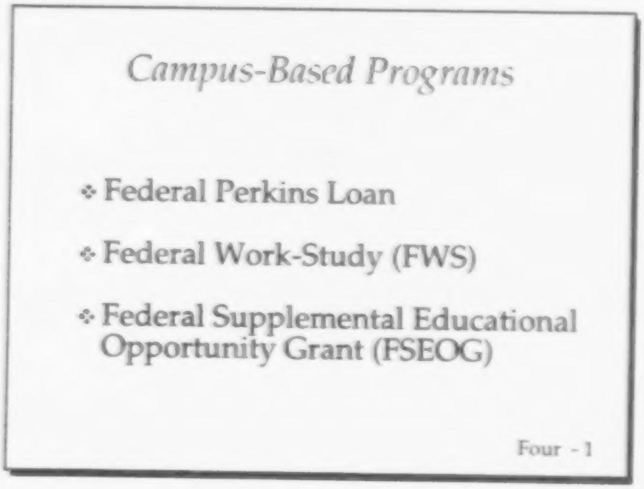
A. PARTICIPATING IN THE CAMPUS-BASED PROGRAMS

Notes



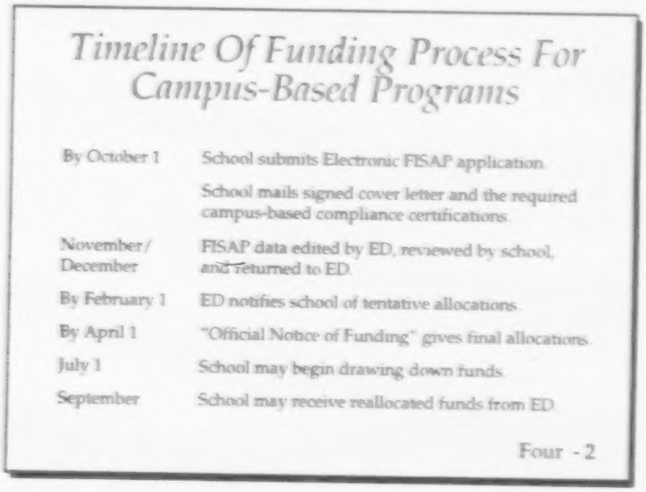
Campus-Based Programs

- Federal Perkins Loan
- Federal Work-Study (FWS)
- Federal Supplemental Educational Opportunity Grant (FSEOG)

Four - 1

1. The Funding Process

- Schools must administer each program in accordance with the HEA, as amended, the General Provisions regulations (34 CFR 668), and the program-specific requirements in 34 CFR 674.8, 675.8, and 676.8.
- Schools must submit the **Fiscal Operations Report and Application to Participate** (FISAP).



Timeline Of Funding Process For Campus-Based Programs

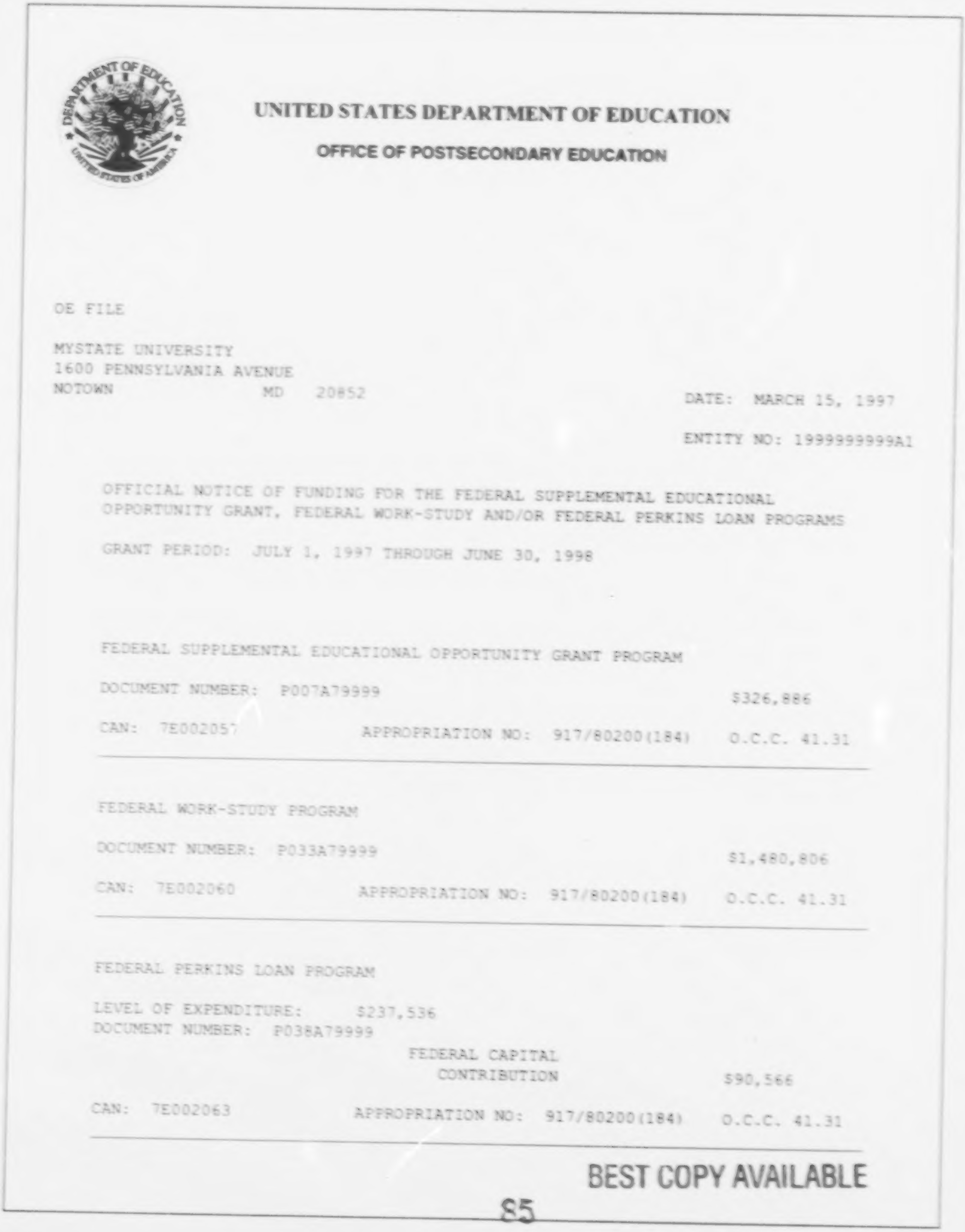
By October 1	School submits Electronic FISAP application. School mails signed cover letter and the required campus-based compliance certifications.
November / December	FISAP data edited by ED, reviewed by school, and returned to ED.
By February 1	ED notifies school of tentative allocations.
By April 1	"Official Notice of Funding" gives final allocations.
July 1	School may begin drawing down funds.
September	School may receive reallocated funds from ED.

Four - 2

Notes

2. Allocation of Funds

- Allocations are based on the amounts appropriated by Congress and computed by formulas contained in the law.
- **Deobligating** or failing to use all allocated funds may have a serious impact on future campus-based funding levels.



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF POSTSECONDARY EDUCATION

OE FILE

MYSTATE UNIVERSITY
1600 PENNSYLVANIA AVENUE
NOTOWN MD 20852

DATE: MARCH 15, 1997

ENTITY NO: 1999999999A1

OFFICIAL NOTICE OF FUNDING FOR THE FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT, FEDERAL WORK-STUDY AND/OR FEDERAL PERKINS LOAN PROGRAMS

GRANT PERIOD: JULY 1, 1997 THROUGH JUNE 30, 1998

FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT PROGRAM

DOCUMENT NUMBER: P007A79999		$326,886
CAN: 7E002057	APPROPRIATION NO: 917/80200(184)	O.C.C. 41.31

FEDERAL WORK-STUDY PROGRAM

DOCUMENT NUMBER: P033A79999		$1,480,806
CAN: 7E002060	APPROPRIATION NO: 917/80200(184)	O.C.C. 41.31

FEDERAL PERKINS LOAN PROGRAM

LEVEL OF EXPENDITURE: $237,536
DOCUMENT NUMBER: P038A79999

	FEDERAL CAPITAL CONTRIBUTION	$90,566
CAN: 7E002063	APPROPRIATION NO: 917/80200(184)	O.C.C. 41.31

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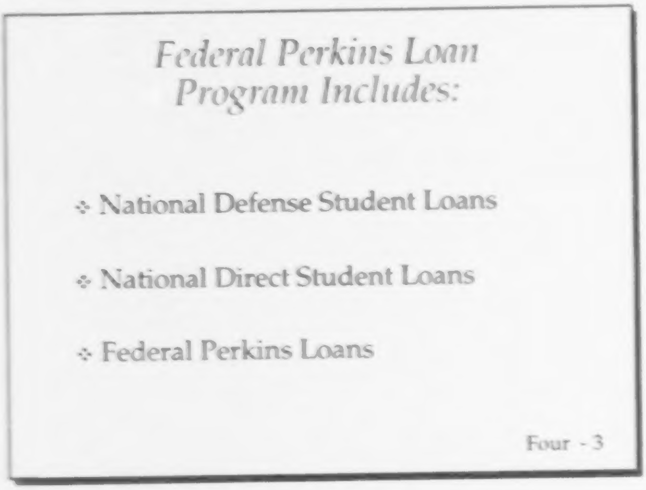
Notes

B. FEDERAL PERKINS LOAN PROGRAM

- For undergraduate and graduate students who demonstrate exceptional financial need as defined by the school.
- Current interest rate is 5%.



Federal Perkins Loan Program Includes:

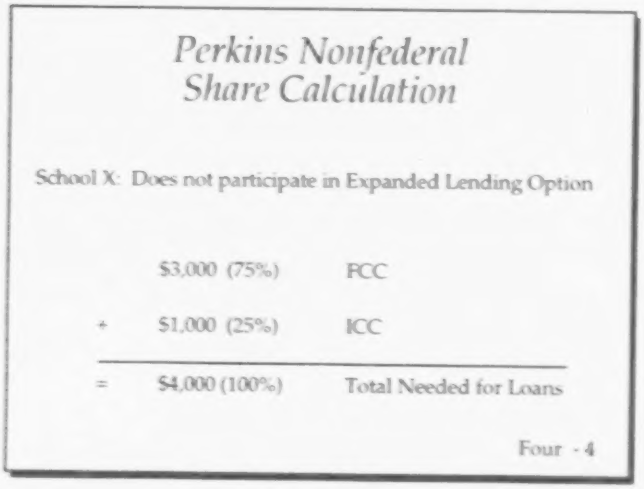
- National Defense Student Loans
- National Direct Student Loans
- Federal Perkins Loans

Four - 3

1. Sources of Perkins Loan Funds

- federal capital contribution (FCC)
- institutional capital contribution (ICC)
- payments the school receives for repayment of loan principal, interest, collection charges, and penalty or late charges on loans from its Perkins Fund
- payments the school receives from the federal government for cancellations
- any other earnings on Fund assets, including interest earned on funds deposited in an interest-bearing account (total interest minus bank charges)
- proceeds of any short-term no-interest loans the school makes to the Fund in anticipation of receipt of its FCC or of loan collections

Notes

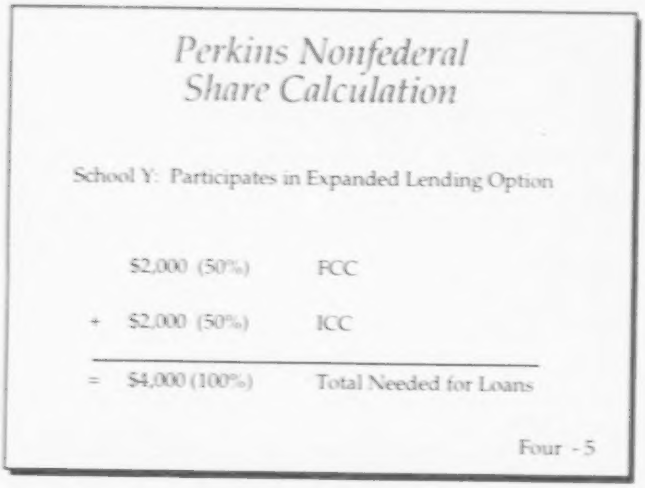


Perkins Nonfederal Share Calculation

School X: Does not participate in Expanded Lending Option

	$3,000 (75%)	FCC
+	$1,000 (25%)	ICC
=	$4,000 (100%)	Total Needed for Loans

Four - 4



Perkins Nonfederal Share Calculation

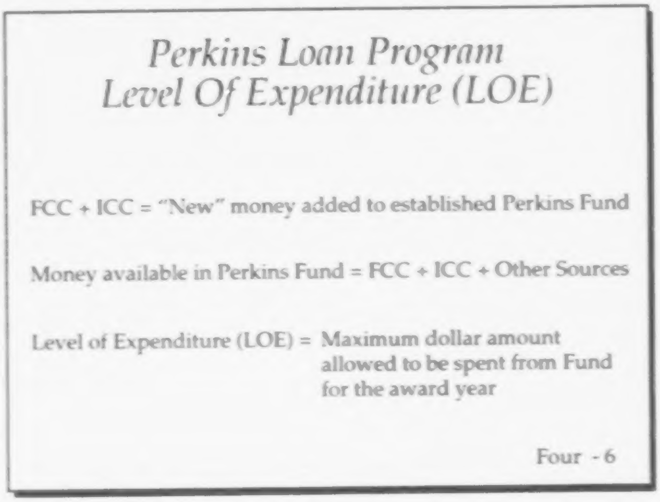
School Y: Participates in Expanded Lending Option

	$2,000 (50%)	FCC
+	$2,000 (50%)	ICC
=	$4,000 (100%)	Total Needed for Loans

Four - 5

Notes

2. Level of Expenditure (LOE)



Perkins Loan Program Level Of Expenditure (LOE)

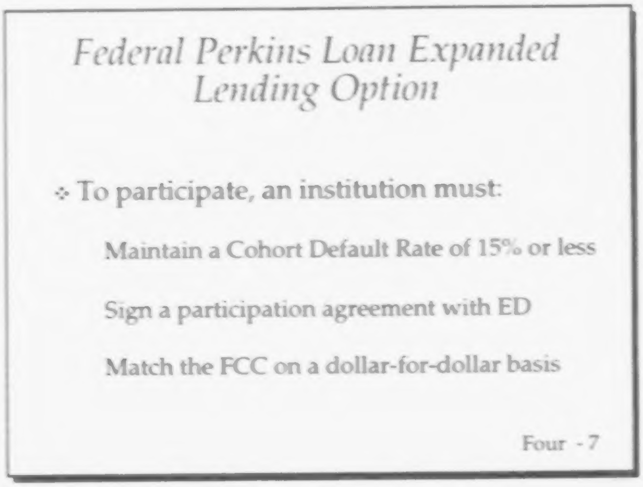
FCC + ICC = "New" money added to established Perkins Fund

Money available in Perkins Fund = FCC + ICC + Other Sources

Level of Expenditure (LOE) = Maximum dollar amount allowed to be spent from Fund for the award year

Four - 6

3. Expanded Lending Option (ELO)

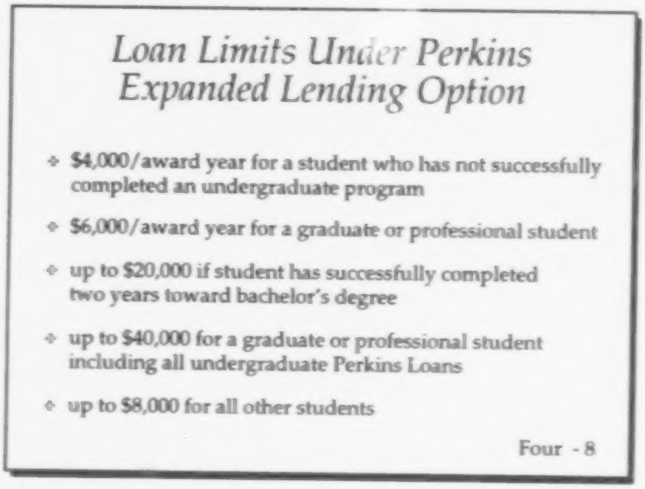


Federal Perkins Loan Expanded Lending Option

- To participate, an institution must:
  - Maintain a Cohort Default Rate of 15% or less
  - Sign a participation agreement with ED
  - Match the FCC on a dollar-for-dollar basis

Four - 7

Notes



Loan Limits Under Perkins Expanded Lending Option

- $4,000/award year for a student who has not successfully completed an undergraduate program
- $6,000/award year for a graduate or professional student
- up to $20,000 if student has successfully completed two years toward bachelor's degree
- up to $40,000 for a graduate or professional student including all undergraduate Perkins Loans
- up to $8,000 for all other students

Four - 8

At a non-ELO school, the maximum annual Perkins Loan a student may borrow is:

- $3,000 per award year for a student who has not successfully completed an undergraduate program
- $5,000 per award year for a graduate or professional student

At a non-ELO school, the maximum cumulative Perkins Loan a student may borrow is:

- $15,000 for a student who has successfully completed two years toward a bachelor's degree, but has not completed the work for the degree
- $30,000 for a graduate or professional student, including loans borrowed as an undergraduate

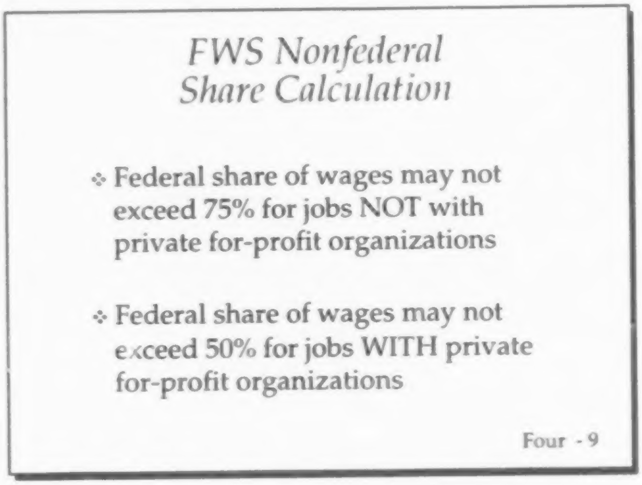
Notes

C. FEDERAL WORK-STUDY PROGRAM

1. FWS Funding

- Amount of FWS funds appropriated for the 1997-98 award year was $830 million.
- Schools may have received considerably higher initial FWS allocations and reallocated FWS funds.

2. Federal and Nonfederal Shares



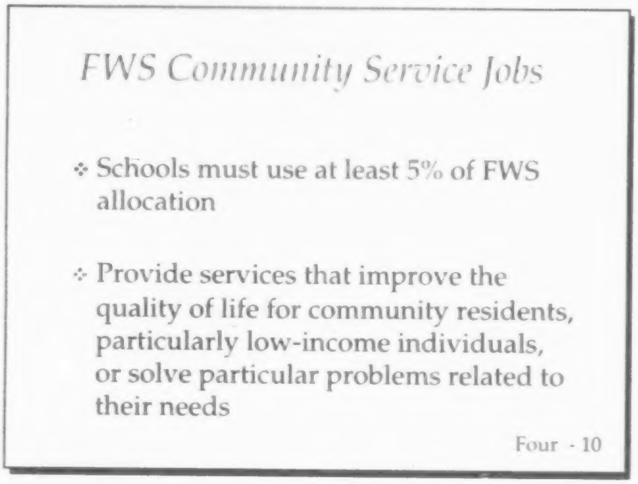
FWS Nonfederal Share Calculation

- Federal share of wages may not exceed 75% for jobs NOT with private for-profit organizations
- Federal share of wages may not exceed 50% for jobs WITH private for-profit organizations

Four - 9

3. FWS Programs and Job Types

a. Community Service Jobs



FWS Community Service Jobs

- Schools must use at least 5% of FWS allocation
- Provide services that improve the quality of life for community residents, particularly low-income individuals, or solve particular problems related to their needs

Four - 10

- If the school receives reallocated FWS funds, the amount the school must expend on community service employment is the **greater** of:
  - 5% of the total FWS allocation, including the reallocated funds; or
  - The amount of the reallocated FWS funds.

Notes

Test Yourself Quiz 1

FWS Community Service Expenditures

1. School A receives the following FWS allocations:

Initial FWS Allocation:	$720,000
Reallocated FWS funds:	$40,000

What is the minimum amount of its total federal FWS allocation that School A must use to pay the federal share of community service wages?

2. School B receives the following FWS allocations:

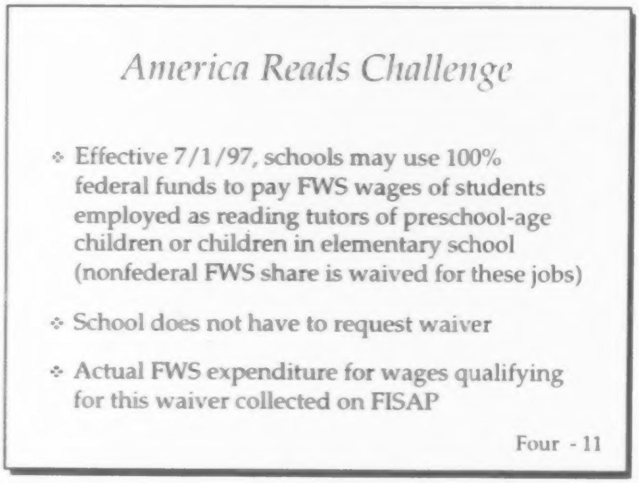
Initial FWS Allocation:	$610,000
Reallocated FWS funds:	$30,000

What is the minimum amount of its total federal FWS allocation that School B must use to pay the federal share of community service wages?

Notes

- Community Service jobs provide services such as:
  - Health and child care, literacy training, education, welfare, social services, transportation, housing and neighborhood improvement, public safety, crime prevention and control, recreation, rural development, and community improvement.
  - Work in service opportunities or youth corps as defined in Section 101 of the National and Community Service Act of 1990.
  - Support for students (not at the institution) with disabilities.
  - Mentoring for purposes such as tutoring, supporting educational and recreational activities, and counseling, including career counseling.

The America Reads Challenge



America Reads Challenge

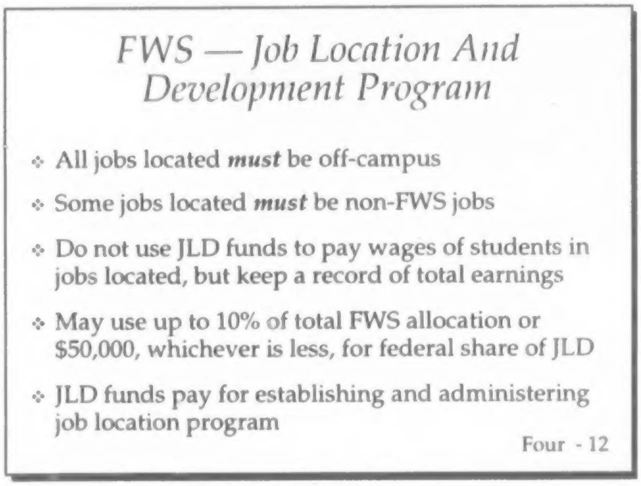
- Effective 7/1/97, schools may use 100% federal funds to pay FWS wages of students employed as reading tutors of preschool-age children or children in elementary school (nonfederal FWS share is waived for these jobs)
- School does not have to request waiver
- Actual FWS expenditure for wages qualifying for this waiver collected on FISAP

Four - 11

- For assistance in establishing FWS reading tutor programs or increasing FWS community service job opportunities, contact your State Commission for National and Community Service (see the appendix at the end of this session).

Notes

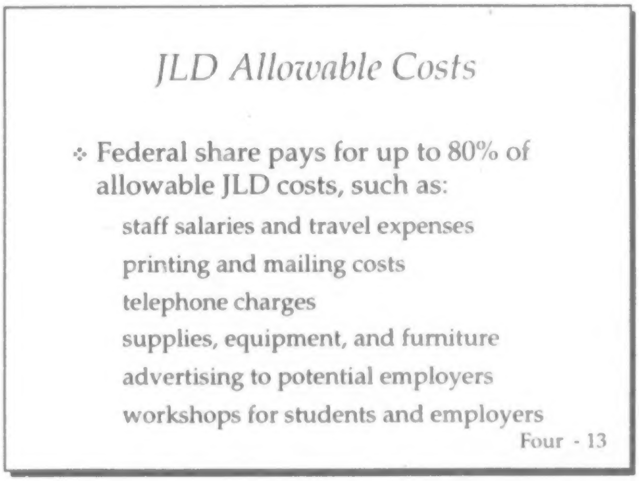
b. *Job Location and Development (JLD) Program*



FWS — Job Location And Development Program

- All jobs located ***must*** be off-campus
- Some jobs located ***must*** be non-FWS jobs
- Do not use JLD funds to pay wages of students in jobs located, but keep a record of total earnings
- May use up to 10% of total FWS allocation or $50,000, whichever is less, for federal share of JLD
- JLD funds pay for establishing and administering job location program

Four - 12



JLD Allowable Costs

- Federal share pays for up to 80% of allowable JLD costs, such as:
  - staff salaries and travel expenses
  - printing and mailing costs
  - telephone charges
  - supplies, equipment, and furniture
  - advertising to potential employers
  - workshops for students and employers

Four - 13

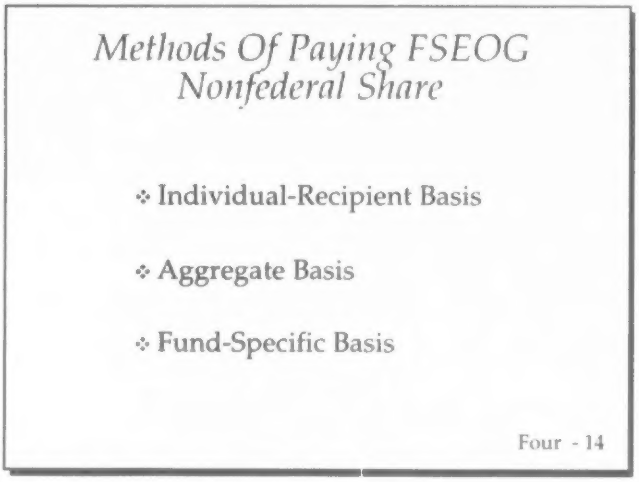
c. *Work-Colleges Program*

- This program promotes the use of comprehensive work-learning programs as an integral part of the school's educational program and as part of a financial plan that decreases reliance on grants and loans.
- For more information, see 34 CFR 675.41 through 675.50 and Chapter 7 of the *Federal Student Financial Aid Handbook.*

Notes

D. FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT PROGRAM

- Federal share may not exceed 75% of the total FSEOG expenditures.
- Three methods of meeting the nonfederal share are shown below.



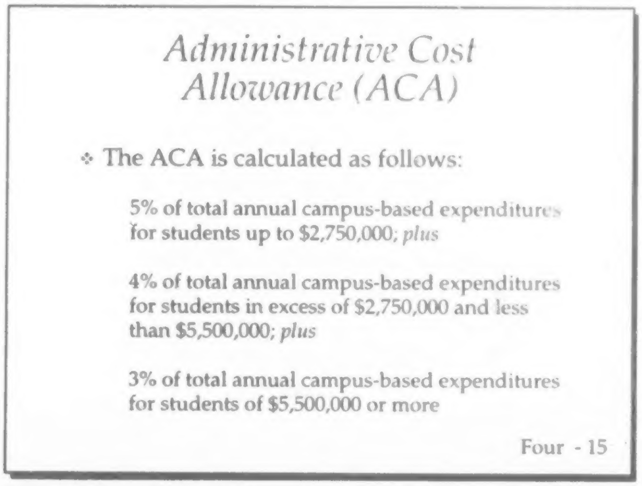
Methods Of Paying FSEOG Nonfederal Share

- Individual-Recipient Basis
- Aggregate Basis
- Fund-Specific Basis

Four - 14

E. ADMINISTRATIVE COST ALLOWANCES

- ACA is taken from one or more of the following sources:
  1. federal FSEOG allocation
  2. federal FWS allocation
  3. available cash on hand in school's Federal Perkins Loan Fund



Administrative Cost Allowance (ACA)

- The ACA is calculated as follows:

  5% of total annual campus-based expenditures for students up to $2,750,000; *plus*

  4% of total annual campus-based expenditures for students in excess of $2,750,000 and less than $5,500,000; *plus*

  3% of total annual campus-based expenditures for students of $5,500,000 or more

Four - 15

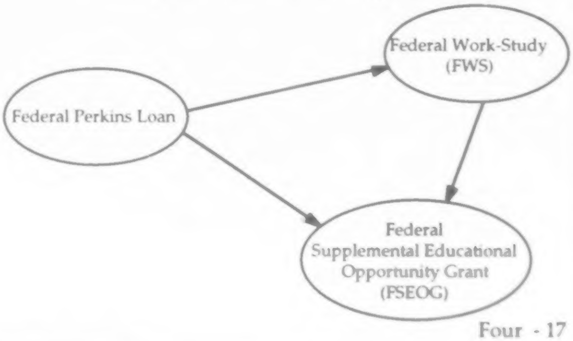
Notes

Campus-Based ACA Example

FSEOG Expenditures for Students	$20,000
FWS Expenditures for Students	$37,500
Federal Perkins Loan Expenditures for Students	$29,000
Total Expenditures	$86,500
Total ACA = 5% (.05) x $86,500 =	**$4,325**

F. TRANSFER AND CARRY FORWARD/CARRY BACK PROVISIONS

Transferring Funds Between Campus-Based Programs


Federal Work-Study (FWS)

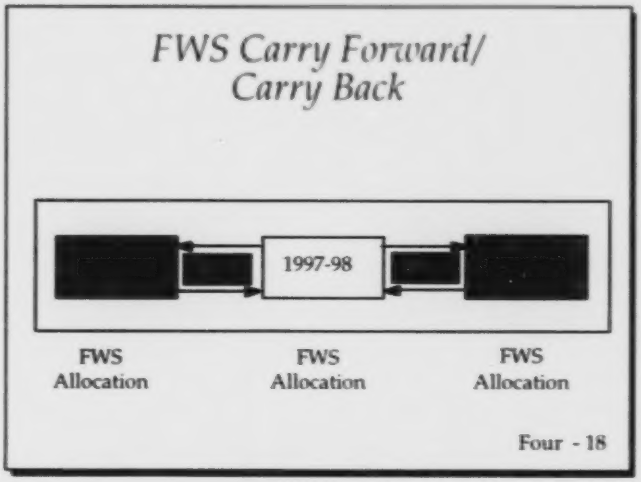
Federal Perkins Loan

Federal Supplemental Educational Opportunity Grant (FSEOG)

- **Perkins Loan Program**:
  - May transfer up to a total of 25% of Perkins allocation for an award year to either or both the FSEOG and FWS Programs.
  - May transfer up to 100% of Perkins allocation to the Work-Colleges Program.

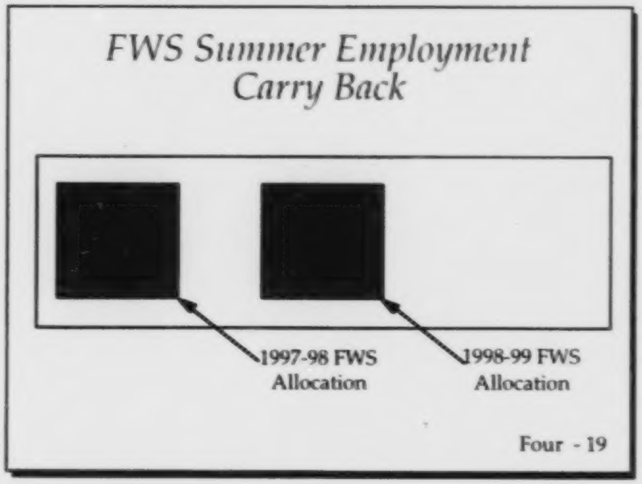
- **Federal Work-Study Program:**
  - May transfer up to 25% of FWS allocation to FSEOG.
  - May transfer up to 100% of FWS allocation to the Work-Colleges Program.

Carry Forward/Carry Back



FWS Carry Forward/ Carry Back

1997-98
FWS Allocation
FWS Allocation
FWS Allocation



FWS Summer Employment Carry Back

1997-98 FWS Allocation
1998-99 FWS Allocation

Notes

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Notes

G. CASE STUDY: ESTIMATING FUNDS AVAILABLE FOR AWARDS

- You are the bursar at Ersatz College. You have received notification of the 1997-98 federal allocations for your campus-based programs. You will estimate the funds available for awards and other important factors in the campus-based programs. You will revise your estimates as the College refines its goals for awards in the campus-based programs.
- In your calculations, assume that the college will provide the minimum nonfederal share for all programs. Campus-based program expenditures (FSEOG grants disbursed, FWS gross compensation paid, and Federal Perkins Loan advances) will not exceed $2,750,000, so you will take ACA on the basis of 5% of expenditures.

Hint 1: Round your answers to the nearest dollar (as you would on the FISAP). If two parts of an answer both include 50¢, you may need to round up the first part and round down the second part so they add to the correct total.

Hint 2: When you fill out the answer tables, check each column title carefully to be sure you're writing the appropriate answer on each blank line.

Case Study: Estimating Funds Available for Awards

1. You are the bursar at Ersatz College. The college has just received its Official Notice of Funding for the 1997-98 award year. Your federal allocations are:

- FSEOG allocation: $147,000
- FWS allocation: $240,000
- Perkins allocation: $150,000

You and the director of financial aid have been asked by the president to project:

- the total amount available for student awards under each campus-based program,
- the required nonfederal share for each campus-based program,
- the administrative cost allowance (ACA), and
- the federal share of student awards under each campus-based program.

1a. For FSEOG, complete the blanks in Table 1 below. Assume that 5% ACA will be taken from FSEOG funds. Use Formula G1, which is derived as follows:

- G = Total Funds Available For FSEOG Grants To Students
- 0.05 x G = ACA for FSEOG
- 0.75 x G = Federal 75% Share Of FSEOG Grants To Students
- If federal allocation is used to pay ACA and federal share of FSEOG grants, then federal allocation = 0.75G + 0.05G = 0.8G
- **Formula G1: Federal FSEOG Allocation = 0.8G**

1b. For FWS, complete the blanks in Table 1 below. At Ersatz College, all FWS jobs require a 25% nonfederal match. Assume that 5% ACA will be taken from FWS funds. Use Formula B, which is derived as follows:

- W = Total Funds Available For FWS Wages For Students
- 0.05 x W = ACA for FWS
- 0.75 x W = Federal 75% Share Of FWS Wages For Students
- If federal allocation is used to pay ACA and federal share of FWS wages, then federal allocation = 0.75W + 0.05W = 0.8W
- **Formula W1: Federal FWS Allocation = 0.8W**

TABLE 1 **Federal Allocations**	**ACA Taken From Federal Allocation**	**Federal Share of Grants and Wages**	**Nonfederal Share of Grants and Wages**	**Total Available for Grants and Wages**
FSEOG: $147,000	$________	$________	$________	$________
FWS: $240,000	$________	$________	$________	$________

95

2. After reviewing your figures, the president wants to award more grants to students. She asks if there is a way to increase the amount available for FSEOG awards. You mention three possibilities: transferring funds from FWS to FSEOG, transferring funds from Perkins to FSEOG, and taking ACA from the Perkins Fund instead of from the FSEOG allocation.

The president does not want to transfer monies from the Perkins Loan Fund. She asks you to recalculate your figures for FSEOG and FWS, assuming that:

- you will make the maximum allowable transfer from FWS to FSEOG, and
- all ACA for the campus-based programs will be taken from the Perkins Fund.

2a. Transfer the maximum federal funds from FWS, recalculate your FSEOG funding, then complete the blanks in Table 2 below. Assume that 5% ACA will be taken from the Perkins Fund (we will calculate this later). Use Formula G2, which is derived as follows:

- G = Total Funds Available For FSEOG Grants To Students
- ACA for FSEOG will not be taken out of the FSEOG federal allocation
- 0.75 x G = Federal 75% Share Of FSEOG Grants To Students
- If federal allocation is used only to pay the federal share of FSEOG grants, not ACA, then federal allocation = 0.75G
- **Formula G2: Federal FSEOG Allocation = 0.75G**

2b. Recalculate your FWS funding after the transfer to FSEOG, then complete the blanks in Table 2 below. Assume that 5% ACA will be taken from the Perkins Fund (we will calculate this later). At Ersatz College, all FWS jobs require a 25% nonfederal match. Use Formula F2, which is derived as follows:

- W = Total Funds Available For FWS Wages For Students
- ACA for FWS will not be taken out of the FWS federal allocation
- 0.75 x W = Federal 75% Share Of FWS Wages For Students
- If federal allocation is used only to pay the federal share of FWS wages, not ACA, then federal allocation = 0.75W
- **Formula W2: Federal FWS Allocation = 0.75W**

TABLE 2 **Federal Funds After Transfer**	**ACA Taken From Federal Allocation**	**Federal Share of Grants and Wages**	**Nonfederal Share of Grants and Wages**	**Total Available for Grants and Wages**
FSEOG: $________	- 0 -	$________	$________	$________
FWS: $________	- 0 -	$________	$________	$________

100

3. Your student employment administrator requests that the maximum amount of your 1997-98 FWS federal allocation be carried back to 1996-97 and the maximum amount be carried forward to 1998-99. This will be in addition to the transfer to FSEOG, and ACA for FWS will still be taken from the Perkins Fund.

Recalculate your 97-98 FWS funding after the maximum allowable carry forward and carry back, then complete the blanks in Table 3 below. Assume that the transfer to FSEOG still stands, and that 5% ACA will be taken from the Perkins Fund (we will calculate this later).

TABLE 3 **97-98 FWS Federal Funds After Carry Forward/Carry Back**	**ACA Taken From Federal Allocation**	**Federal Share of Wages**	**Nonfederal Share of Wages**	**Total Available for Wages**
FWS: $________	- 0 -	$________	$________	$________

4. For Perkins Loans, complete the blanks in Table 4 below. Assume that 5% ACA for the Perkins, FSEOG, and FWS expenditures will be taken from the Perkins Loan Fund. In addition to the FCC and ICC, you project that $95,600 will be available from Perkins collections, interest earned, and cash on hand. Use Formula P1, which is derived as follows:

- L = Total Funds Available For Perkins Loan Advances To Students
- 0.05 x L = ACA for Perkins, if Perkins ACA is taken from the Perkins Fund
- Perkins Loan Fund may also be used to pay ACA for other campus-based programs
- So, Total Perkins funds to be **spent** = L + 0.05L + Other ACA = 1.05L + Other ACA
- These funds chiefly come from the Perkins federal allocation (FCC), the ICC (which must be 1/3 of the FCC), collections, interest earned, and cash on hand
- So, total amount from **sources** of Perkins funds
  = FCC + ICC + Collections + Interest Earned + Cash On Hand
- The Perkins funds that can be spent will equal the total amount from the sources, so
  1.05L + Other ACA = FCC + ICC + Collections + Interest Earned + Cash On Hand
- **Formula P1:**
  1.05L = FCC + ICC + Collections + Interest Earned + Cash On Hand - Other ACA

TABLE 4

Perkins FCC		$______
Nonfederal Share (ICC: 1/3 of FCC)		(+) $______
Available from Collections, Interest Earned, Cash On Hand, etc.		(+) $______
Subtotal of Sources of Perkins Funds		(=) $______
ACA for FSEOG, if taken from Fund	$______	
ACA for FWS, if taken from Fund	(+) $______	
Total Other ACA to be Taken from Fund	(=) $______	(-) $______
Total Available for Perkins Loans and Perkins ACA *(= 1.05L in Formula P1)*		**(=) $______**
Perkins Funds Available for Loans *(= Total Available / 1.05)*		**$______**
Perkins ACA *(= 0.05 x Perkins Funds Available for Loans)*		**$______**

Note: If neither Perkins nor any other ACA were to be taken from the Perkins Fund, **Formula P2** would be used:
L = FCC + ICC + Collections + Interest Earned + Cash On Hand

APPENDIX: STATE COMMISSIONS FOR NATIONAL AND COMMUNITY SERVICE

Alabama
Ms. E. Elaine Wiggins, Director
Governor's Office on National & Community Service
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Notes

5 Cash Management

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A. **Requesting Funds**
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  2. Projecting Cash Needs
  3. Drawing Down Funds
  4 Special Program Considerations

B. **Maintaining Funds**
  1. Bank Accounts
  2. Interest Earnings

C. **Disbursing Funds**
  1. Payment Period Requirements
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D. **Returning Funds**
  1. Excess Cash
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  2. Deobligating Campus-Based Funds
  3. Returning FFEL Program Funds

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OBJECTIVES

By the end of this session, you will be able to:

- describe the different payment methods used by ED to provide Title IV funds
- describe new disbursement requirements for the Federal Direct Stafford/Ford Loan, Federal Stafford Loan, and Federal Pell Grant programs
- identify circumstances in which Title IV funds must be returned

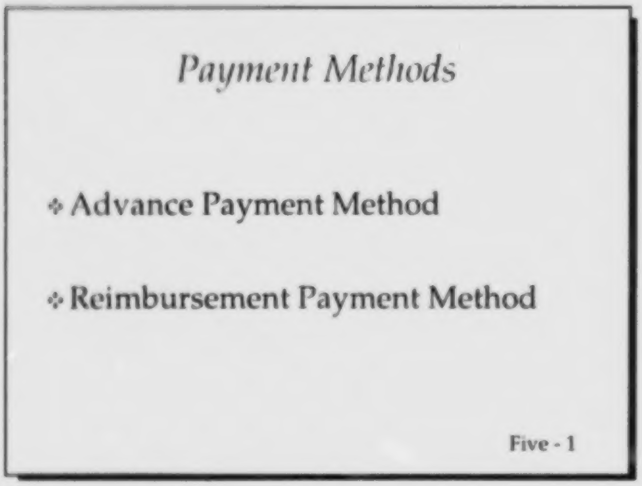
RESOURCES

- *The Blue Book*, Chapter 4 – Obtaining, Managing, and Returning Title IV Funds
- *The 1997-98 Federal Student Financial Aid Handbook*, Chapter 3 – Institutional Eligibility and Administrative Requirements
- *The Recipient's Guide to the Payment Management System*
- *GAPS User's Guide* (working title of publication expected to be issued in November/December 1997)
- Federal Regulations 34 CFR, Parts 668, Subparts B and K, 674, 675, 676, 682, 685, and 690
- *Federal Register*, December 1, 1994 (Student Assistance General Provisions; cash management requirements) – Final Regulation
- *Federal Register*, June 30, 1995 (Student Assistance General Provisions; cash management requirements) – Final Regulation
- *Federal Register*, September 23, 1996 (Student Assistance General Provisions; changes in administrative capability standards and cash management requirements) – Notice of Proposed Rulemaking
  This NPRM reference is included because some discussions of the regulatory issues are not reported in the final regulations of November 29, 1996
- *Federal Register*, November 29, 1996 (Student Assistance General Provisions; changes in administrative capability standards and cash management requirements) – Final Regulation

Notes

A. REQUESTING FUNDS

1. Payment Methods



Payment Methods

- Advance Payment Method
- Reimbursement Payment Method

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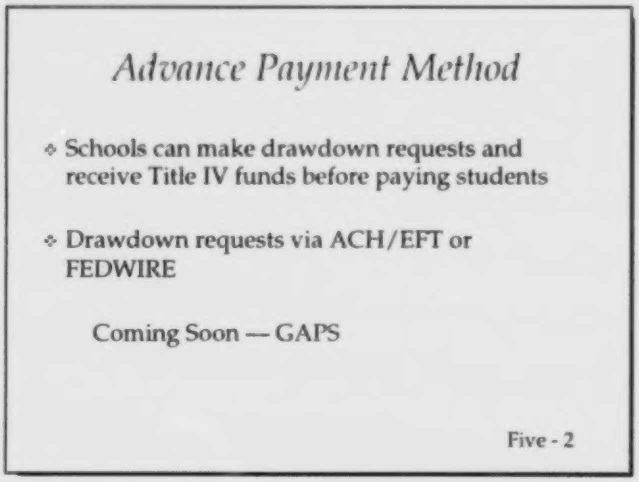
a. Advance Payment Method



Advance Payment Method

- Schools can make drawdown requests and receive Title IV funds before paying students
- Drawdown requests via ACH/EFT or FEDWIRE

Coming Soon — GAPS

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b. Reimbursement Method

ED may place school on reimbursement if:

- Greater need to monitor school's use of federal funds; or
- School has monetary liabilities that need to be recovered by administrative offset.

Notes

c. Just-In-Time Payment Method

Just-In-Time Payment Method

- Schools will have to supply payment information to ED on or near the actual disbursement date
- Schools will be exempt from regulations governing the return of excess cash
- ED will pilot the program with volunteer schools

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METHODS FOR REQUESTING TITLE IV FUNDS*

Advance Payment

- Allows schools to receive advance funds from ED.
    - School submits request for funds to ED.
    - Request for funds cannot exceed amount of funds that the school needs for immediate disbursements to eligible students ("immediate need") and is limited by appropriate authorization levels.
    - On ED's approval, ED generates an electronic funds transfer (EFT) for amount requested into a bank account designated by the school.
    - School must disburse funds no later than 3 business days following the date it receives those funds, with the exception of those funds that fall into the excess cash tolerances.

Reimbursement Payment

- Schools are reimbursed by ED for disbursements previously made to eligible students and parents. Generally, ED places a school on the reimbursement payment method if it determines there is a need to strictly monitor a school's participation in the Title IV aid programs.
    - School must first make disbursements of Federal Pell Grant, campus-based, and Direct Loan Program funds to eligible applicants before submitting a request for cash to ED.
    - School is considered to have made a disbursement if it has either credited student's account within the applicable time frame or paid the eligible applicant directly with their own funds.
    - School must submit to ED a request for funds that do not exceed amount of actual disbursements that the school has made and that are included in that request.
    - School must identify students for whom reimbursement is sought and submit documentation that shows that each applicant included in request was eligible to receive and was disbursed Title IV funds.
    - ED will approve school's request for reimbursement once it ascertains that the school accurately determined applicant's eligibility for Title IV and also submitted appropriate documentation of applicant's eligibility and receipt of Title IV funds.

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* These methods do not apply to the FFEL Program, State Student Incentive Grant (SSIG), and National Early Intervention Scholarship Program (NEISP).

METHODS FOR REQUESTING TITLE IV FUNDS* (CONT'D)

Just-In-Time Payment

- Under development as part of Project EASI, just-in-time payment will provide funds on the basis of student level data provided to ED by school.
  - School will electronically transmit to ED each eligible applicant's program award record with the date and amount of disbursements that the school will make or has made for an applicant.
  - If ED approves record, it will generate an EFT on or before disbursement date reported by school.
  - When school receives funds for each record approved by ED, school may disburse those funds on the basis of its student eligibility determination at the time the school transmitted eligible applicant's record to ED.
  - If, after the school requests those funds, applicant subsequently becomes ineligible for funds received by the school, the school must report the adjustment of a previously accepted record to ED within 30 days of the date that the school becomes aware of the change.

---

* These methods do not apply to the FFEL Program, State Student Incentive Grant (SSIG), and National Early Intervention Scholarship Program (NEISP).

NEW REQUIREMENTS RELATED TO FFEL FUNDS

- School that uses reimbursement method and participate in Federal Pell Grant, campus-based, Direct Loan and FFEL Programs, or that participate solely in the FFEL Program, may not disburse FFEL program funds to a borrower until ED approves school's request to make disbursement to the borrower.*
- School may be prohibited from certifying applicant's loan application until ED approves school's request to certify application for the borrower.
- School requiring ED approval for disbursement or certification of an FFEL must submit documentation showing the borrower is eligible to receive that disbursement or certification. The documentation must be submitted to ED or an entity approved by ED.
- For school awaiting ED approval of an FFEL disbursement and/or certification request, ED may:
  - Prohibit school from endorsing a master check or obtaining borrower's endorsement of any loan check the institution receives from a lender;
  - Require school to maintain loan funds that it receives from a lender via EFT in a separate bank account that contains no other funds; and
  - Prohibit school from certifying a borrower's loan application.

---

* FFEL-only schools are not officially placed on the reimbursement payment method. However, they may have the same limitations as schools participating in the Federal Pell Grant, campus-based, or Direct Loan programs that are placed on reimbursement, except that they are not required to disburse funds to students or credit students' accounts in advance of receiving the FFEL funds.

Test Yourself Quiz 1

Methods for Requesting Title IV Funds

Check all boxes that apply.

1. Under the **advance payment method**, a school:
   - ☐ A. Must not pay its students before receiving funds from ED.
   - ☐ B. Can draw down FFEL funds.
   - ☐ C. Must only request funds for its immediate need.
   - ☐ D. Must be a participant in the Federal Pell Grant Program.

2. Under the **advance payment method**, schools must disburse funds:
   - ☐ A. In three equal installments.
   - ☐ B. No later than 3 business days following the date the school receives the funds.
   - ☐ C. After the ED/PMS account representative contacts the financial aid administrator at the school and approves the disbursement.
   - ☐ D. No later than 1 business day following the date the school receives the funds.

3. If a school is under the **reimbursement payment method**, the school:
   - ☐ A. Must wait until the end of the academic year to request funds from ED.
   - ☐ B. Is considered to have made a disbursement if it has paid the eligible applicant directly or credited the student's account with its own funds.
   - ☐ C. Has the option of choosing this method to receive payment of Title IV funds.
   - ☐ D. Must identify students for whom reimbursement is sought and submit documentation that shows that each student included in the request was eligible to receive and was disbursed Title IV funds.

Test Yourself Quiz 1 (cont'd)

4. A school awaiting ED approval for a disbursement request of an FFEL Program loan:
   - ☐ A. May be prohibited by ED from endorsing a master check or obtaining a borrower's endorsement of any loan check the school receives from a lender.
   - ☐ B. Is exempted from ED's approval if the school is also participating in the Direct Loan Program.
   - ☐ C. May be prohibited by ED from certifying a borrower's loan application.
   - ☐ D. May be required by ED to maintain loan funds that it receives from a lender via master check in a separate bank account that contains no other funds.

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Notes

2. Projecting Cash Needs

- School must determine how much it needs to make disbursements before submitting a request to ED/PMS.
- Disbursements occur when the school:
  - credits a student's account or
  - pays a student directly.

Planning When To Draw Down Cash

- The amount requested must be enough to meet:
  - Federal Pell Grant disbursements to students,
  - the federal share of FSEOG disbursements to students,
  - the federal share of FWS payroll disbursements,
  - the federal share of Federal Perkins Loan disbursements, ***and***
  - Federal Direct Loan disbursements*

*Direct Loan funding requests may not be combined with cash requests for other Title IV program funds

Projecting Cash Needs

Anticipated Disbursements
- Balance of Cash on Hand
- Anticipated Recoveries
- ACH/EFT Cash in Transit

= Projected Cash Need

Notes

Immediate Need

- The amount of Title IV program funds a school needs to make disbursements **within three business days** following the date that the school receives the funds

Five - 6

- Never request amounts that exceed immediate need.
- The three-business-day disbursement requirement applies to ACH/EFT and FEDWIRE.

3. Drawing Down Funds

Drawing Down Cash

- ED/PMS acts as the central repository for payment transactions of schools that receive funds from ED
- Within ED's Office of the Chief Financial Officer (OCFO) is Financial Services (FS) that administers ED/PMS

Five - 7

- Schools may have two ED/PMS accounts: one for Federal Direct Loans and one for all other Title IV programs.
- ED notifies schools of their Title IV allocations.
  - There is no allocation for Federal Direct Loans.

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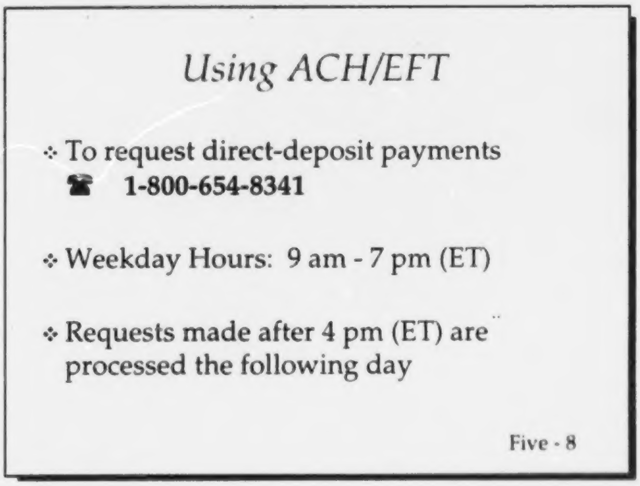
Notes



Using ACH/EFT

- To request direct-deposit payments
  ☎ **1-800-654-8341**
- Weekday Hours: 9 am - 7 pm (ET)
- Requests made after 4 pm (ET) are processed the following day

Five - 8

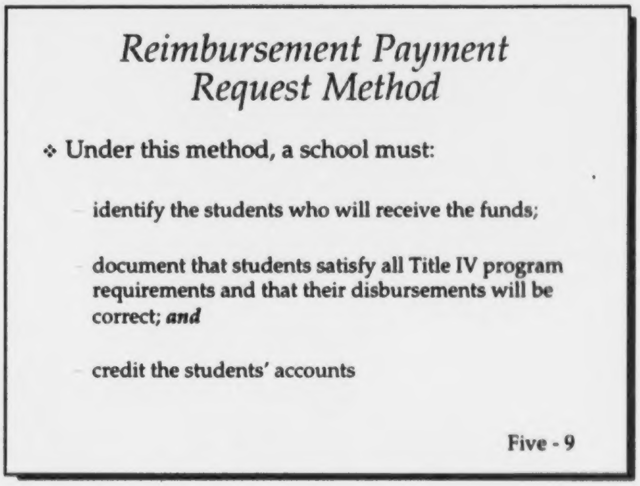
- Schools complete and send to ED's Financial Payments Group (FPG) a Direct Deposit Sign-Up Form (SF1199A) to use ACH/EFT.
- If a school's request for funds is valid, ED transmits payment to the Federal Reserve Bank (FRB) the next business day.
  - A school can withdraw funds from its bank account two to three business days later.
- Keep records of all payment requests for audit trail and reconciliation.

Federal Electronic Funds Transfer (FEDWIRE)

- Some large postsecondary and state schools use FEDWIRE.
- ED is not putting additional schools on FEDWIRE.
- FEDWIRE schools use the automated FEDWIRE system, which is fully integrated with an ED/PMS subsystem.
- Schools request funds via PC and modem or by calling FPG at one of the following telephone numbers:
  - 1-202-401-2093
  - 1-202-401-1094
  - 1-202-401-1092

Reimbursement Payment Requests

Notes



Reimbursement Payment Request Method

- Under this method, a school must:
  - identify the students who will receive the funds;
  - document that students satisfy all Title IV program requirements and that their disbursements will be correct; ***and***
  - credit the students' accounts

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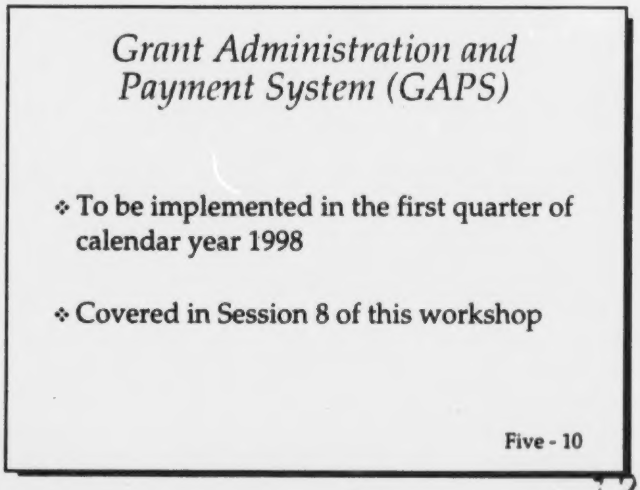
- Requests for cash may not exceed amount of disbursements.
- Funds must be disbursed immediately only to students identified in the school's cash request.
- Schools placed on reimbursement generally complete a Request for Advance or Reimbursement Form (SF-270).
- Reimbursements may be offset to satisfy debts that the school owes to ED.

GAPS



Grant Administration and Payment System (GAPS)

- To be implemented in the first quarter of calendar year 1998
- Covered in Session 8 of this workshop

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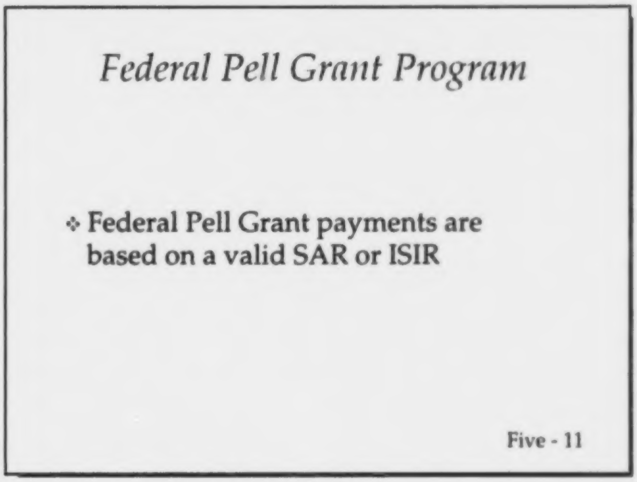
Notes

4. Special Program Considerations



Federal Pell Grant Program

- Federal Pell Grant payments are based on a valid SAR or ISIR

Five - 11

- Federal Pell Grant amounts available to a school are in the Statement of Account (SOA).
- ED adjusts the Pell authorization on the basis of actual student payment information reported by the school in its electronic Pell payment data.
  - The financial aid office usually submits the Pell payment data, but the process needs to be coordinated with the business office.

Notes

Campus-Based Programs

- A combination of both federal and nonfederal funds is awarded to students from the campus-based programs:
  - FSEOG grants
  - FWS wages and expenses
  - Federal Perkins Loans
- A school may draw down cash **only for the federal share** of these programs

Five - 12

- The school's allocations for each program define the maximum amount a school may draw down for each program.

FSEOG Program

- A school must time its drawdowns to coincide with the dates it expects to disburse FSEOG funds to students
- Disbursement dates must be determined in accordance with 34 CFR 668.164(f)

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Notes

FWS Program

- A school must time its drawdowns to coincide with its payroll dates
- The school estimates the amount it needs to meet the student payroll for a given pay period and draws down **only the appropriate federal share** of wages to be paid
- Students must be paid within three business days following the date funds were received

Five - 14

Federal Perkins Loan Program

- A school must determine whether the cash available in its Federal Perkins Loan fund is sufficient to make loan advances to students
- If it is not, a school may draw down the needed federal capital contribution (FCC)
- Disbursement dates must be determined in accordance with 34 CFR 668.164(f)

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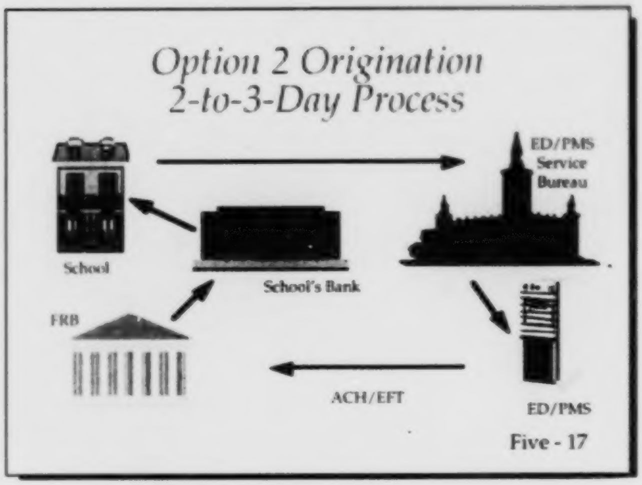
Notes

William D. Ford Federal Direct Loan Program

- Requests for Direct Loan funds may ***not*** be combined with requests for other Title IV funds



Option 2 Origination 2-to-3-Day Process

- Option 2 schools make their own funding requests via ACH/EFT or FEDWIRE.
  - – Schools can make the ACH/EFT request by telephone or with the Export File Option in EDExpress.
  - – Schools make FEDWIRE requests electronically, unless they are having problems using the automated system.

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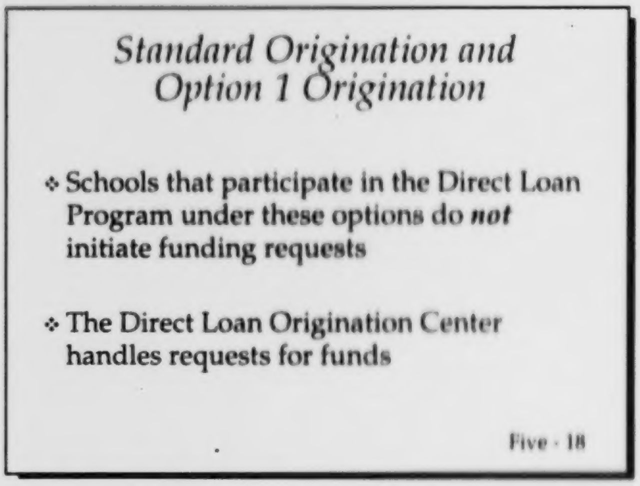
Notes



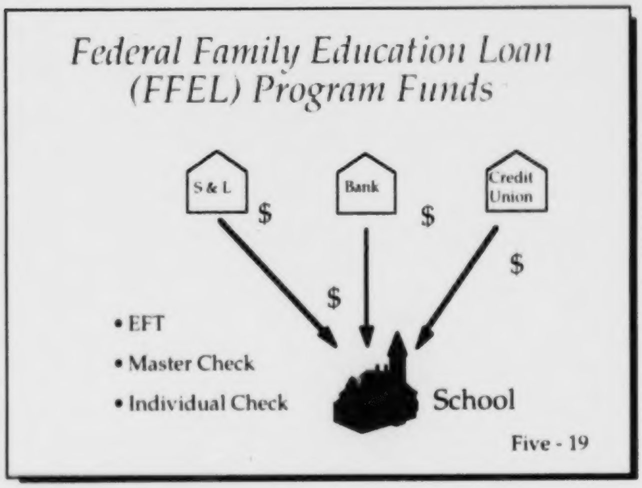
Standard Origination and Option 1 Origination

- Schools that participate in the Direct Loan Program under these options do ***not*** initiate funding requests
- The Direct Loan Origination Center handles requests for funds

Five - 18

- Standard origination and Option 1 schools send loan origination records and promissory notes to the Direct Loan Origination Center for acceptance.
- 30 to 45 days before the anticipated disbursement, the Origination Center sends schools an electronic list sorted by borrower and loan type for the school to update and adjust.
  - The school sends changes back to the Origination Center.
  - The Origination Center sends an actual disbursement roster to the school four days before the anticipated disbursement dates.

Notes



Federal Family Education Loan (FFEL) Program Funds

- EFT
- Master Check
- Individual Check

Five - 19

- FFEL proceeds from EFT and master checks must be delivered to the borrower within 10 business days.
- Schools may not request FFEL proceeds more than 13 calendar days before the first day of a student's enrollment period.
- Borrowers must give schools written authorization to deliver FFEL funds by EFT or master check.
- Schools must deliver:
  - Individual checks for borrowers from lenders within 30 days of receiving the check.
  - If a school requires a parent borrower to endorse a PLUS check to the school, it must then endorse and deposit the check into the student's account.

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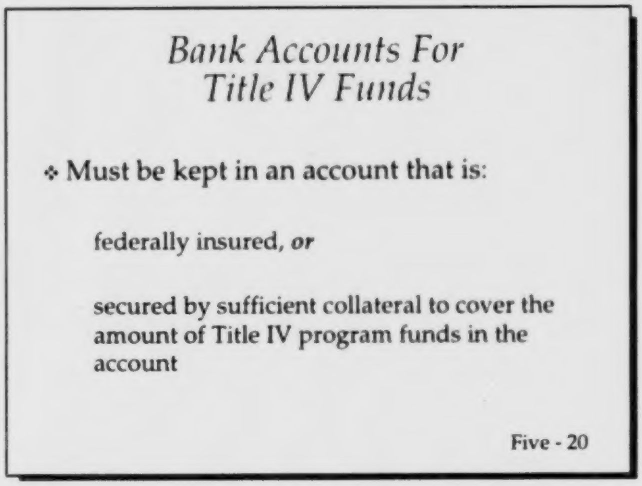
Notes

B. MAINTAINING FUNDS

1. Bank Accounts



Bank Accounts For Title IV Funds

- Must be kept in an account that is:

  federally insured, ***or***

  secured by sufficient collateral to cover the amount of Title IV program funds in the account

Five - 20

- Title IV funds in an investment account must consist of low-risk, income-producing securities and must be liquid enough for required disbursements.
- Maintaining Title IV funds in a separate bank account is not required unless ED finds it necessary.
  - See Section 4.5.1, pages 100-101, of *The Blue Book*.
- All schools, except public schools, must file a UCC-1 statement with state or local government, as appropriate.
  - Local legal office supply stores sell UCC-1 statement forms.
  - Contact your State Corporation Counsel or your state's Secretary of State for information about filing.

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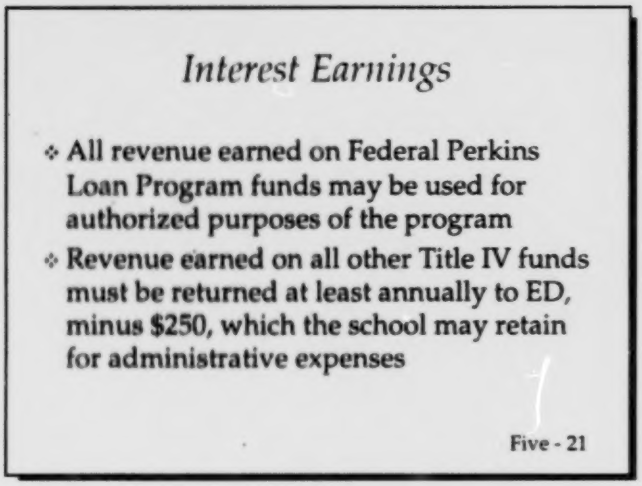
2. Interest Earnings

Notes



Interest Earnings

- All revenue earned on Federal Perkins Loan Program funds may be used for authorized purposes of the program
- Revenue earned on all other Title IV funds must be returned at least annually to ED, minus $250, which the school may retain for administrative expenses

MAINTAINING TITLE IV FUNDS

Bank Or Investment Accounts

- ✦ Schools must maintain Title IV funds in a bank or investment account that is federally insured or secured by collateral of value that is the reasonable equivalent of the amount of those funds.
- ✦ Schools participating in the Federal Perkins Loan Program must establish and maintain a Federal Perkins Loan Fund.
- ✦ Federal Perkins Loan Fund must be maintained in an interest-bearing bank account or investment account consisting predominately of low-risk, income-producing securities.
- ✦ A school must maintain Federal Pell Grant, campus-based, and Direct Loan program funds in an interest-bearing or investment account (except Federal Perkins Loan funds) unless school:
    - Drew down less than $3 million in the prior award year and anticipates that it will not draw down more than $3 million in the current award year;
    - Can demonstrate by its cash management practices that it will not earn over $250 on those funds during the award year; or
    - Will use the just-in-time payment method to request Title IV funds.
- ✦ Schools must identify clearly that Title IV funds are maintained in each bank or investment account that contains Title IV funds. To comply, schools must:
    - Include the phrase “Federal Funds” in each account name; or
    - Notify the bank or investment company of the accounts that contain Title IV funds and retain a record of that notice **and**, unless the school is a public institution, file a UCC-1 statement disclosing that the account contains federal funds.

Separate Accounts

- ✦ Schools are no longer required to maintain FFEL program funds in separate accounts under 34 CFR 682.207(b).
- ✦ ED may require schools to maintain all Title IV funds, including FFEL Program funds, in a separate bank or investment account containing no other funds if ED determines that schools failed to comply with:
    - Title IV cash management requirements;
    - Title IV recordkeeping and reporting requirements; or
    - Applicable program regulations.

MAINTAINING TITLE IV FUNDS (CONT'D)

Separate Accounts (cont'd)

- ✦ **If school is not required to maintain separate accounts and chooses not to maintain Title IV funds in separate accounts, it must maintain accounting and internal control systems that identify the:**
  - Cash balance of each Title IV program included in school's bank or investment account as readily as if those program funds were maintained in a separate account; and
  - Earnings on Title IV program funds maintained in school's bank or investment account.

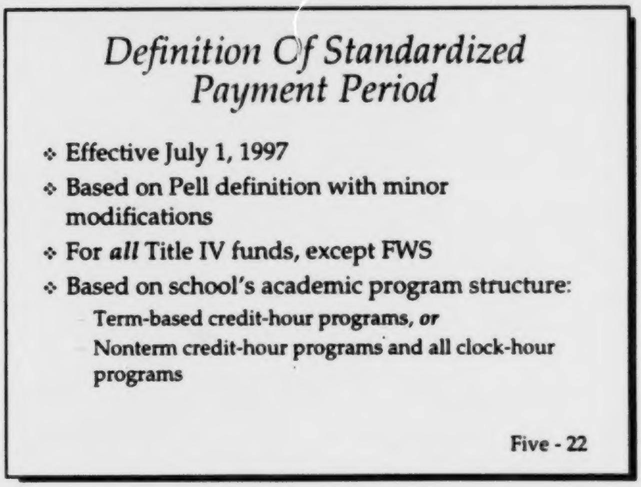
Treatment Of Earnings On Title IV Program Fund Accounts

- ✦ **School that maintains Federal Pell Grant, FSEOG, FWS, and Direct Loan program funds in an interest-bearing or investment account may keep the initial $250 it earns on those funds during an award year. By June 30 of each award year, school must remit to ED all earnings that exceed a total of $250 on those Title IV funds.**
- ✦ For Federal Perkins Loan Program funds, any interest or income earned on the fund is retained by school as part of the fund.

Notes

C. DISBURSING FUNDS

1. Payment Period Requirements



Definition Of Standardized Payment Period

- Effective July 1, 1997
- Based on Pell definition with minor modifications
- For ***all*** Title IV funds, except FWS
- Based on school's academic program structure:
  - Term-based credit-hour programs, ***or***
  - Nonterm credit-hour programs and all clock-hour programs

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- For term-based credit-hour programs, there are two types of terms:
  - standard
  - nonstandard
- The payment period is the term for programs offered in standard terms.
- The payment period for Federal Pell Grant and campus-based programs is also the term for programs offered in nonstandard terms.
  - But, payment period requirements for Direct Loans and FFEL Program loans are the same as for nonterm credit-hour programs.
- For nonterm credit-hour programs and all clock-hour programs, the payment period depends on the length of the program or the length of the remainder of the program.

NONTERM CREDIT-HOUR PROGRAMS AND ALL CLOCK-HOUR PROGRAMS

Programs That Are One Academic Year or Less in Length as Measured in Clock or Credit Hours*

- ✦ Program is divided into at least two equal payment periods.
- ✦ ***Example***
  - Program is 600 clock hours.
  - The first payment period is the period of time needed for the student to complete 300 clock hours.
  - The second payment period begins after the student has completed the first 300 clock hours.

Programs That Are Multiples of a Full Academic Year

- ✦ Program covers multiple full academic years as measured in clock or credit hours.
- ✦ The academic year is divided into at least two equal payment periods as measured in clock or credit hours.
- ✦ For each academic year, the first payment period is the time in which the student completes the first half of the academic year and the second payment period is the time in which the student completes the second half of that academic year, as measured in clock or credit hours completed.
- ✦ However, for FFEL and Direct Loans, the second disbursement cannot occur earlier than the calendar midpoint between the first and last scheduled days of classes in the loan period.
- ✦ ***Example***
  - The program is 1,800 clock hours, and the academic year is defined as 900 clock hours and 30 weeks in length.
    1. During the first academic year as measured in clock or credit hours:
       a. The first payment period is the period of time needed to complete the first half of the academic year, which is 450 clock hours; and
       b. The second payment period is the period of time needed to complete the remaining 450 clock hours of the academic year, totaling 900 clock hours.
    2. During the second academic year as measured in clock or credit hours:
       a. The first payment period is the period of time needed to complete 450 clock hours, totaling 1,350 clock hours.
       b. The second payment period is the period of time needed to complete the final 450 clock hours to finish the student's program of 1,800 clock hours.

NONTERM CREDIT-HOUR PROGRAMS AND ALL CLOCK-HOUR PROGRAMS (cont'd)

Other Programs Longer Than an Academic Year

Remaining Program Portion Longer Than One-Half Year

- These programs may include multiple full academic years as measured in clock or credit hours followed by the remaining portion of the program.
- Each full academic year is divided into a minimum of two equal payment periods.
- There are a minimum of two equal payment periods for the remaining portion of the program.
  - For the school's remaining partial academic year, the first payment period is the period of time needed to complete half of the clock or credit hours remaining in the program.
  - For the school's remaining partial academic year, the second payment period is the time span needed to complete the program.
  - However, for FFEL and Direct Loans, the calendar time and academic coursework provisions for loans need to be considered.
- ***Example***
  - The program consists of a full academic year and a remaining portion longer than one-half of an academic year.
  - The program is 1,700 clock hours, and the academic year is 900 clock hours and 30 weeks in length.
  - The program consists of a minimum of four payment periods.
    1. During the first academic year, the first two payment periods consist of 450 clock hours each for a total of 900 completed clock hours.
    2. During the second academic year:
       a. The remaining 800 program hours are proportionately divided into at least two equal payment periods.
       b. The first payment period begins after the completion of 900 clock hours from the first academic year and consists of 400 clock hours (clock hours 901 to 1,300).
       c. The second payment period consists of the final 400 clock hours in the remaining portion of the program (clock hours 1,301 to 1,700). The second payment period begins after the student completes the clock hours from the first payment period.

NONTERM CREDIT-HOUR PROGRAMS AND ALL CLOCK-HOUR PROGRAMS (cont'd)

Other Programs Longer Than an Academic Year (cont'd)

Remaining Program Portion Equal To or Shorter Than One-Half Year

- These programs may include multiple full academic years followed by the remaining portion of the program.
- Each full academic year is divided into a minimum of two equal payment periods.
- The remaining portion of the program after the last complete full academic year is the last payment period.
- However, for FFEL and Direct Loans, a school still has to make two disbursements even if the remaining 4 credit hours in the following example comprise a new loan period.
- ***Example***
  - The program is 28 credit hours, and the academic year is 24 credit hours and 30 weeks in length.
  - The first two payment periods cover the first academic year and are 12 credit hours each.
  - The third payment period is the remaining portion of the program, 4 credit hours, and begins after the student completes 24 credit hours.

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Test Yourself Quiz 2

Determining Payment Periods

Determine the length of the payment periods in the following scenarios:

1. Program length: 1,000 clock hours
   Academic year: 900 clock hours

   Year 1:
   Payment Period #1: _____ hours to _____ hours
   Payment Period #2: _____ hours to _____ hours

   Year 2:
   Payment Period #3: _____ hours to _____ hours

2. Program length: 700 clock hours
   Academic year: 900 clock hours

   Year 1:
   Payment Period #1: _____ hours to _____ hours
   Payment Period #2: _____ hours to _____ hours

Test Yourself Quiz 2 (cont'd)

3. Program length: 38 credit hours

Academic year: 24 credit hours

Year 1:

Payment Period #1: _____ hours to _____ hours

Payment Period #2: _____ hours to _____ hours

Year 2:

Payment Period #3: _____ hours to _____ hours

Payment Period #4: _____ hours to _____ hours

Notes

Payment Period Completion

- A student who is enrolled in an eligible program that measures progress in credit hours without terms or in any clock hour program must complete the number of credit or clock hours in the prior payment period before being paid for a subsequent payment period.
- For any nonterm credit hour program where credits are not given until the end of the program, the second payment period begins at the later of the calendar midpoint or the date, as determined by the school, that the student has completed half of the academic coursework.

Test Yourself Quiz 3

Timing of Second Disbursements

Case Study — Reggie

Reggie is a Pell recipient at Rhinestone College. His program begins on September 1 and ends on May 1. The calendar midpoint of his program, and of the academic year, is January 16.

Reggie's school does not award credits until the student completes the program. Therefore, the school needs some way to measure progress throughout the year in order to set up disbursements.

1. If Reggie completes half of his academic coursework by January 14, when can he receive the second disbursement of his Pell Grant?

   ____ _____

2. If, though, Reggie does not complete half of the academic coursework until January 20, when can he receive his second Pell disbursement?

   ____

Notes

Allowable Excused Absences For Title IV Purposes

- Number of excused absences in school's policy does not exceed the lesser of:
  - Excused absences determined by designated accrediting agency's policy; ***or***
  - Excused absences of any state agency's policy that licenses or authorizes school; ***or***
  - Maximum of 10% of clock hours in payment period

Test Yourself Quiz 4

Payment Periods

Indicate whether each statement below is true or false.

1. For a program measured in quarters, half of the loan period must elapse before a second disbursement of Direct Loan or FFEL funds can be made. ☐ True ☐ False
2. If the remaining portion of a clock-hour program is less than one half of an academic year, the remaining FSEOG funds must be divided into two disbursements. ☐ True ☐ False
3. A student is enrolled in a non-term, credit-hour program where the school does not award credits until the program is complete. The student completes half of the academic coursework before the calendar midpoint. The student, though, still must wait until the calendar midpoint to receive her second Pell disbursement. ☐ True ☐ False
4. For a program measured on nonstandard terms, half of the loan period must elapse before a second disbursement of Direct Loan or FFEL funds can be made. ☐ True ☐ False
5. A school's accrediting agency and the state agency allow for 50 hours of excused absence in a 450-clock-hour payment period. Therefore, the most hours of excused absence the school can allow for that payment period is 45 hours. ☐ True ☐ False

Notes

2. Definition of Disbursement

Disbursement Defined

- Disbursement occurs on date school credits student's institutional account or pays student or parent directly with funds received from:
  - ED; ***or***
  - lender under FFEL Program; ***or***
  - its own institutional funds used in advance of receiving Title IV program funds

- If a school calls a credit an "Estimated Federal Pell Grant," for example, the school must convert the accounting entry to an actual credit in order for a disbursement to have been made.

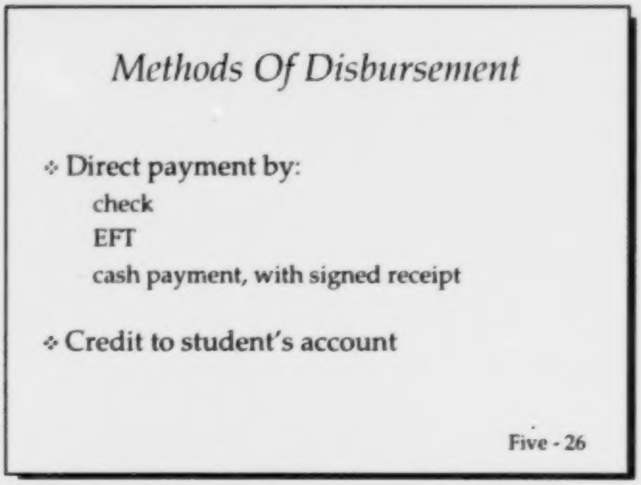
Disbursement Restriction

Disbursements can't officially occur prior to:

- ten days before the first day of classes for a payment period
- thirty days after classes begin for first-year, first-time undergraduate FFEL or Direct Loan borrowers

Notes

3. Methods of Disbursing and Delivering Funds to Students



Methods Of Disbursement

- Direct payment by:
  - check
  - EFT
  - cash payment, with signed receipt
- Credit to student's account

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- Example of direct payments include:
  - Releasing an FFEL check to the student or parent,
  - Issuing a school check for other Title IV programs,
  - Initiating an EFT to a borrower-designated bank account, and
  - Dispensing cash (requires a signed receipt from the student or parent).
- Schools do not need written authorization to credit a student's account to pay specific **current** charges:
  - tuition
  - fees
  - contractual charges with the school for room and board.
- Written authorization is needed to credit a student's account for other educationally related charges and for **minor prior-award-year** charges.

- Schools must pay credit balances to student or parents (for PLUS Loans) within required time frames.

When Credit Balances Must Be Paid

No later than 14 calendar days after the first day of class of a payment period if the credit balance occurred *on or before* the first day of that payment period.

Example A

Day Credit Balance Occurred	First Day of Classes	14 Days After First Day of Classes of Payment Period
September 5, 1997	September 10, 1997	September 24, 1997

No later than 14 calendar days after the balance occurred if the credit balance occurred *after* the first day of a payment period.

Example B

First Day of Classes	Day Credit Balance Occurred	14 Days After Credit Balance Occurred
September 10, 1997	September 20, 1997	October 4, 1997

No later than 14 calendar days after the date the student or parent rescinds the authorization for the school to hold funds.

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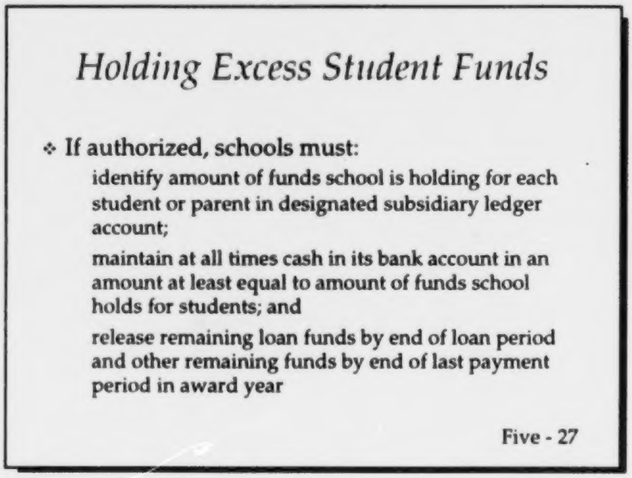
Notes



Holding Excess Student Funds

- If authorized, schools must:
  - identify amount of funds school is holding for each student or parent in designated subsidiary ledger account;
  - maintain at all times cash in its bank account in an amount at least equal to amount of funds school holds for students; and
  - release remaining loan funds by end of loan period and other remaining funds by end of last payment period in award year

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- ED may prohibit schools on the reimbursement payment method from holding excess student funds.

Test Yourself Quiz 5

Disbursement

Scarlett, a first-time, first-year Title IV participant, is scheduled to receive a Pell Grant and an FFEL for the upcoming year, which begins on September 1. Your school posts a credit to Scarlett's account for her Title IV funds on August 10.

1. The disbursement of Scarlett's Pell Grant officially occurs on:
   - a. August 10
   - b. August 22
   - c. September 1
   - d. none of the above

2. The disbursement of Scarlett's FFEL officially occurs on:
   - a. August 10
   - b. August 22
   - c. September 1
   - d. October 1

Scarlett would like some of her Title IV funds to go towards some charges outside of tuition and fees, room and board.

3. What should your school do in response?
   - a. Don't take any special action, except to use Scarlett's funds based on her verbal request for charges covered after tuition, fees, room and board have been met
   - b. Obtain Scarlett's written authorization to use her Title IV funds to meet her request.
   - c. Tell Scarlett you are not allowed to use her funds for anything except room and board, and books and supplies.
   - d. Cut Scarlett a check for the amount of these extra charges.

After all of Scarlett's charges are met (October 3), a $100 credit balance remains.

4. Your school must pay Scarlett $100 by:
   - a. October 3
   - b. October 10
   - c. October 17
   - d. the end of the payment period

Notes

4. Authorizations and Required Notices

- Parent/student authorizations are generally valid for the award year in which they were obtained.
- Authorizations may be valid for a longer period if the student or parent allows it.

Test Yourself Quiz 6

Required Written Authorizations

Check the appropriate box to show whether each statement is True or False.

1. Schools may obtain from the student or parent (for PLUS loans) written authorization that can permit the school to:
    a. Disburse Title IV program funds by EFT to a bank account designated by the student or parent. ☐ True ☐ False
    b. Use Title IV program funds to pay for only current year charges. ☐ True ☐ False
    c. Hold a Title IV credit balance for student or parent to use later in a payment period or within the award year. ☐ True ☐ False

2. When obtaining written authorizations from Title IV recipients, a school:
    a. Cannot require or coerce the recipient to provide authorization. ☐ True ☐ False
    b. Can prevent the student or parent from canceling or modifying the authorization. ☐ True ☐ False
    c. Must explain clearly to the student or parent how it will carry out the activity for which authorization was given. ☐ True ☐ False

Notes

Required Notices

Award Notifications

- Award notification must:
  - state amount to be disbursed from each program
  - tell how and when funds will be disbursed
  - for FFEL and Direct Loans, identify as subsidized or unsubsidized

Disbursement Notifications

- For FFEL, Direct Loan, and Federal Perkins Loan, credit disbursement notification must state:
  - amount and date of disbursement
  - right to cancel
  - how and when to cancel

Notes

School Notifications

- Written or electronic notice must be sent no earlier than 30 days ***before*** and no later than 30 days ***after*** either crediting school account or transmitting funds to student's or parent's bank account
- Recipients of electronic notice must confirm receiving notice and school must maintain copy of confirmation
- School must inform student or parent, in writing or electronically, of outcome of request

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- Students or parents must inform the school of their decision to cancel a loan or loan disbursement.
- The school must return loan proceeds to the holder, cancel the loan, or both, if the school receives the cancellation request within specified time frames.

Test Yourself Quiz 7

School Notices and Deadlines

Case 1

Background: The Hill School of Music has a borrower with a loan disbursement date of September 1, 1997, and the payment period starts on September 5, 1997. The electronic notice was sent to the borrower on August 10, 1997.

Question 1: What is the cancellation request deadline date for this borrower?

Case 2

Background: The Hill School of Music has a borrower with a loan disbursement date of September 1, 1997, and the payment period starts on September 1, 1997. The electronic notice was sent to the borrower on August 20, 1997.

Question 2: What is the cancellation request deadline date for this borrower?

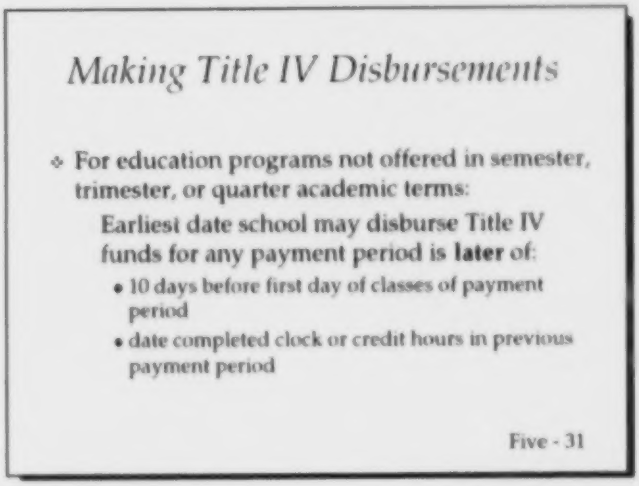
Case 3

Background: The Hill School of Music has a borrower with a loan disbursement date of September 1, 1997, and the payment period starts on September 1, 1997. The electronic notice was sent to the borrower on September 10, 1997.

Question 3: What is the cancellation request deadline date for this borrower?

Notes

5. Making Title IV Disbursements



Making Title IV Disbursements

- For education programs not offered in semester, trimester, or quarter academic terms:

  Earliest date school may disburse Title IV funds for any payment period is **later** of:
  - 10 days before first day of classes of payment period
  - date completed clock or credit hours in previous payment period

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CONDITIONS FOR LATE DISBURSEMENTS

- New regulations consolidate late disbursement provisions for all programs.
- For purposes of late disbursements, an ineligible student is one who is no longer enrolled at the school for the award year. For purposes of the Direct Loan and FFEL programs, the student is no longer enrolled at the school as at least a half-time student for the loan period.
- Late disbursements can be made only if funds are used to pay for educational costs that the school determines the student incurred for the period in which the student was enrolled and eligible.
- Late disbursements must be made no later than 90 days after the date the student became ineligible.
- Late disbursements can be made if, before the date the student became ineligible, the school received a SAR or an ISIR with an EFC calculated by the CPS, and the school:
  - For a Direct Loan, created the electronic origination record;
  - For a FFEL Program loan, certified the loan application; and
  - For a Federal Perkins Loan Program loan or an FSEOG Program award, awarded a loan or grant to the student.
- Schools may not make a late second or subsequent disbursement of a Direct or FFEL Program loan unless the student has graduated or successfully completed the period of enrollment for which the loan was intended.
- For a Direct Loan or FFEL Program loan, the student must complete the first 30 days of his or her program of study if the student was subject to delayed disbursement requirements for first-year, first-time borrowers.
- For the Federal Work-Study (FWS) Program, schools must always pay FWS wages earned.

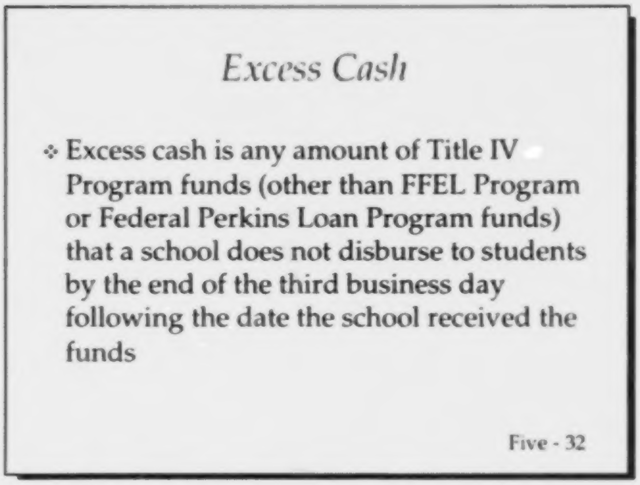
D. RETURNING FUNDS

WHEN FUNDS ARE TO BE RETURNED

- The school has excess cash in its account from federal funds drawn down and not disbursed within three business days.
- The school has excess cash as a result of a reduction to reported expenditures on a closed award.
- The school has excess cash because the drawdown amount exceeds the authorization (possibly because of a student withdrawal).
- The school has unused funds and expects no more funding from ED.
- The school owes ED for a disallowed expenditure found during an audit or program review.
- The school earned interest or investment income on federal funds in excess of the amount it is allowed to retain.

Notes

1. **Excess Cash**



Excess Cash

- Excess cash is any amount of Title IV Program funds (other than FFEL Program or Federal Perkins Loan Program funds) that a school does not disburse to students by the end of the third business day following the date the school received the funds

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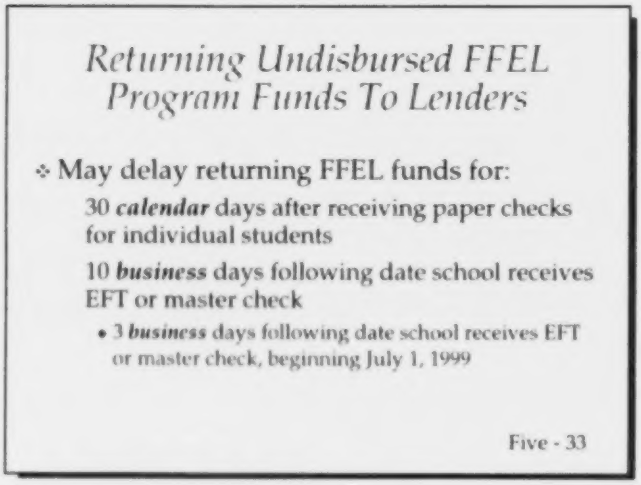
- Excess cash tolerances:
  - 3% of school's total prior-year drawdowns for a peak enrollment period or
  - 1% of total prior-year drawdowns for any other period.



Returning Undisbursed FFEL Program Funds To Lenders

- May delay returning FFEL funds for:

  30 ***calendar*** days after receiving paper checks for individual students

  10 ***business*** days following date school receives EFT or master check

  - 3 ***business*** days following date school receives EFT or master check, beginning July 1, 1999

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- The school is liable if it maintains excess funds greater than the tolerances or longer than permitted.

Test Yourself Quiz 8

Returning Funds

Fill in the blanks in the following statements.

1. Institutions will not be penalized if excess cash drawn down to pay awards to students during peak periods of enrollment represents less than _____ of its total prior-year drawdowns.
2. An institution may retain excess cash within tolerance for disbursement during a peak period for an additional period of ______________________.
3. An institution has ______ business days to return undeliverable FFEL funds that were received by EFC or by master check. This will drop to ______ business days on July 1, 1999.
4. An institution, though, has additional time if it determines that the student can complete the required number of hours within ______ business days.
5. FFEL schools on the reimbursement payment method may delay returning funds to the lender for an additional ______ calendar days.

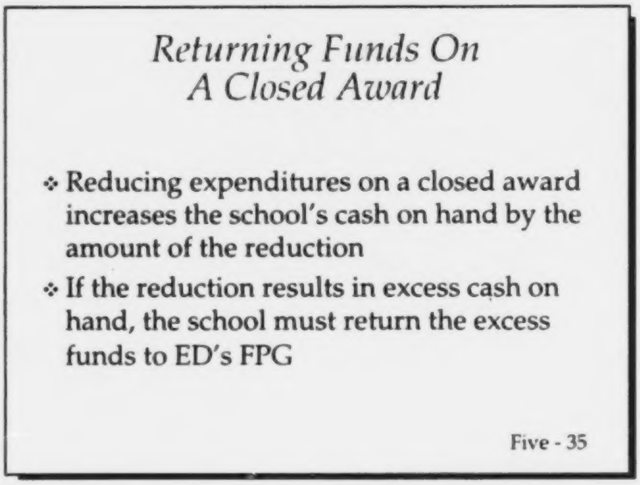
Notes

Returning Excess Funds

- FPG will send the school a letter asking the school to:
  - return the excess funds; ***or***
  - certify that current disbursements have reduced the excess funds; ***or***
  - contact an ED account representative if the school finds that the excess funds resulted from errors the school made when reporting disbursements

- Schools must respond to ED's Financial Payments Group's (FPG's) letter within 10 calendar days.
  - FPG does not get involved with school holding excess cash for the Direct Loan Program.
- ED's Accounts Receivable Management Group (ARMG) establishes an accounts receivable for a school that owes excess cash.
  - The school will be sent a bill.

Notes



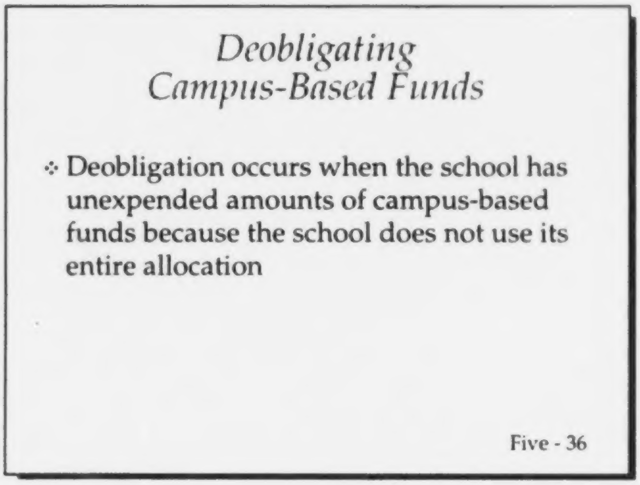
Returning Funds On A Closed Award

- Reducing expenditures on a closed award increases the school's cash on hand by the amount of the reduction
- If the reduction results in excess cash on hand, the school must return the excess funds to ED's FPG

Five - 35

- Schools must return unused funds within 30 days of the date of the letter from FPG.
  - If a school does not respond to FPG's letter, the unused funds become a school debt to ED.
  - ED proceeds with billing and collection activities.

2. Deobligating Campus-Based Funds



Deobligating Campus-Based Funds

- Deobligation occurs when the school has unexpended amounts of campus-based funds because the school does not use its entire allocation

Five - 36

3. Returning FFEL Program Funds

WHEN FFEL PROGRAM FUNDS MUST BE RETURNED TO THE LENDER

Federal Family Education Loan (FFEL) Program funds must be returned to the lender in any of the following five circumstances:

- A student fails to enroll for the period for which the loan is intended.
- A student fails to meet satisfactory academic progress or other eligibility requirements at the time the loan is to be disbursed.
- A student withdraws or drops out during an enrollment period for which the loan is intended.*
- A refund is due to a lender as a result of a refund calculation.

AND/OR

- A student or parent requests a school to return FFEL Program funds to reduce the borrower's principal loan balance.

*A late disbursement can be made to a student if institutional charges are documented.

Notes

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Question-and-Answer Session, Part 1

CONTENTS

In this session, the instructor team will provide answers to questions that:

- **were submitted in advance by participants when they registered for the workshop; or**
- **have been raised during the first day of the workshop.**

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Notes

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6

Refunds and Repayments

CONTENTS

A. Determining Whether Refunds and Repayments Are Required

1. **Student Withdrawal**
2. **Received Title IV Funds**
3. **Ineligible Recipient Versus Refund/Repayment**
4. **Refund Calculation and Repayment Calculation**
5. **Situations Requiring Refund or Repayment Calculations**

   Quiz 1: Determining Whether Title IV Refund and Repayment Requirements Apply

B. Determining Which Refund Calculations Must Be Performed

1. **When Pro Rata Refunds Apply**
2. **When Pro Rata Refunds Do Not Apply**
3. **State and Accrediting Agency Refunds**

C. Calculating Refunds and Repayments

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   Quiz 3: Credit Balances
2. Calculating Refunds
3. Calculating Repayments
4. Allocating Refunds and Repayments

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E. Case Studies

1. Apex Community College—Term-based credit-hour program; continuing student; institutional refund and Federal Refund Policy calculations
2. Beemis Technical College—Nonterm clock-hour program; continuing student; institutional refund and Federal Refund Policy calculations
3. Cedar Lake College—Term-based credit-hour program; "first-time" attendance; Pro Rata refund calculation
4. Datsun Institute—Nonterm clock-hour program; "first-time" attendance; Pro Rata refund calculation
5. Eagle Point State University—Term-based credit-hour program; continuing student; institutional refund and Federal Refund Policy calculations

CONTENTS (Continued)

6. Fishburn Institute—Nonterm clock-hour program; continuing student; institutional refund and Federal Refund Policy calculations

7. Geiger State College—Term-based credit-hour program; "first-time" attendance; state refund, Pro Rata refund, and repayment calculations

8. Hopewell College—Nonterm clock-hour program; "first-time" attendance; state refund, Pro Rata refund, and repayment calculations

9. Juno Community College—Term-based credit-hour program; continuing student; institutional refund, Federal Refund Policy, and repayment calculations

10. Nexus College—Term-based credit-hour program; continuing student; institutional refund and Federal Refund Policy calculations

OBJECTIVES

By the end of this session, you will be able to:

- describe Title IV regulatory refund and repayment requirements
- identify the conditions under which an institution must calculate refunds under state, accrediting agency, statutory pro rata, Federal Refund Policy, and institutional policies
- describe institutional disclosure requirements related to refund policies and procedures
- determine which of a student's educational costs are institutional charges and which are noninstitutional costs
- identify which institutional charges may be excluded from refund calculations and what "excluding" those charges means
- describe institutional options and applicable requirements for handling late disbursements and credit balances prior to calculating refunds and repayments
- explain how unpaid charges are treated in the refund calculations
- calculate refunds and repayments
- allocate refunds and repayments to the student aid programs

RESOURCES

- *The 1997-98 Federal Student Financial Aid Handbook*, Chapter 3
- Federal Regulations 34 CFR Parts 668 (Sections 668.21 and 668.22), 682, and 685
- *Federal Register*, November 29, 1996 (Student Assistance General Provisions; changes in cash management regulations)
- Dear Colleague Letter GEN-95-22 (Clarification concerning institutional refunds to students)

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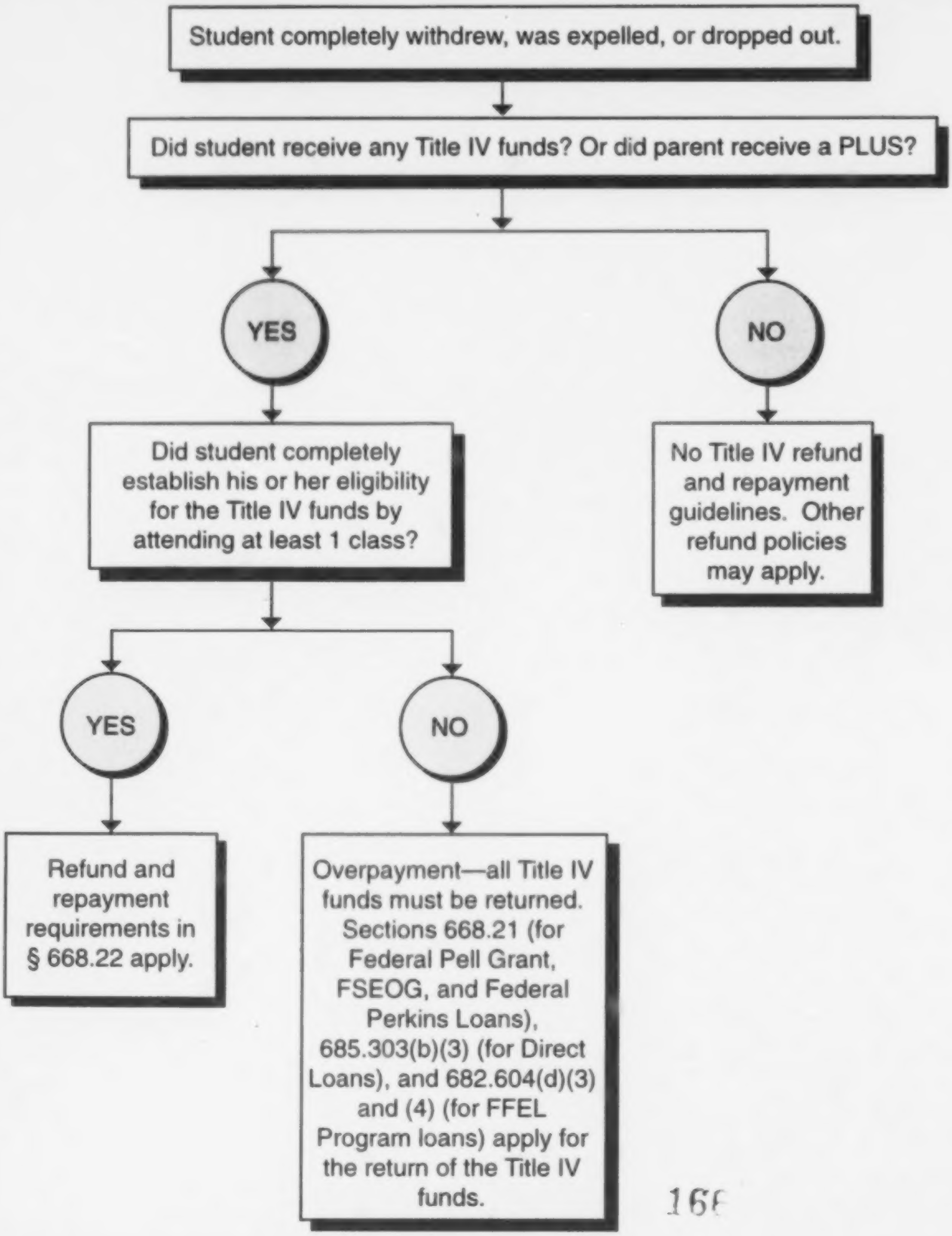
A. DETERMINING WHETHER REFUNDS AND REPAYMENTS ARE REQUIRED

Every school participating in any Title IV program has to have a fair and equitable refund policy.

- School must provide a refund policy for:
  - unearned tuition;
  - fees;
  - room and board; and
  - other charges assessed to students.
- School must provide refunds to students who:
  - withdraw;
  - drop out;
  - take an unapproved leave of absence;
  - are expelled from school; or
  - fail to complete the period of enrollment.

Notes

DETERMINING WHEN TITLE IV REGULATORY REFUND AND REPAYMENT REQUIREMENTS APPLY


Student completely withdrew, was expelled, or dropped out.
Did student receive any Title IV funds? Or did parent receive a PLUS?
YES
NO
Did student completely establish his or her eligibility for the Title IV funds by attending at least 1 class?
No Title IV refund and repayment guidelines. Other refund policies may apply.
YES
NO
Refund and repayment requirements in § 668.22 apply.
Overpayment—all Title IV funds must be returned. Sections 668.21 (for Federal Pell Grant, FSEOG, and Federal Perkins Loans), 685.303(b)(3) (for Direct Loans), and 682.604(d)(3) and (4) (for FFEL Program loans) apply for the return of the Title IV funds.

Notes

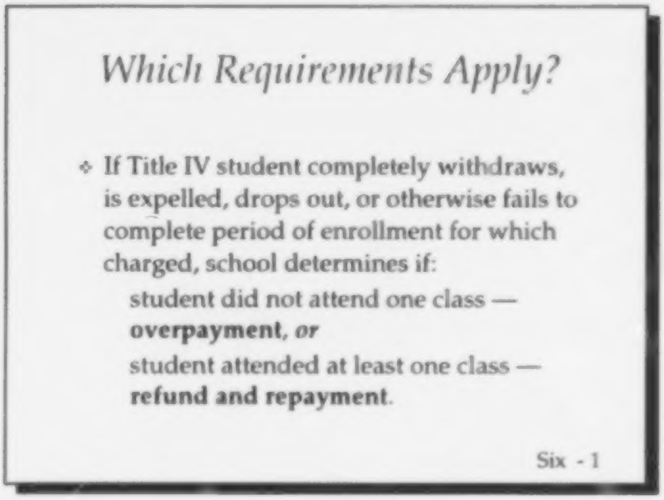
1. Student Withdrawal

- School must first determine if student received Title IV funds

2. Received Title IV Funds

- If a student received FWS wages, refund and repayment calculations apply
- If a student received no Title IV funds, no Title IV refund and repayment guidelines apply

3. Ineligible Recipient Versus Refund/Repayment



Which Requirements Apply?

- If Title IV student completely withdraws, is expelled, drops out, or otherwise fails to complete period of enrollment for which charged, school determines if:
  - student did not attend one class — **overpayment**, *or*
  - student attended at least one class — **refund and repayment**.

Six - 1

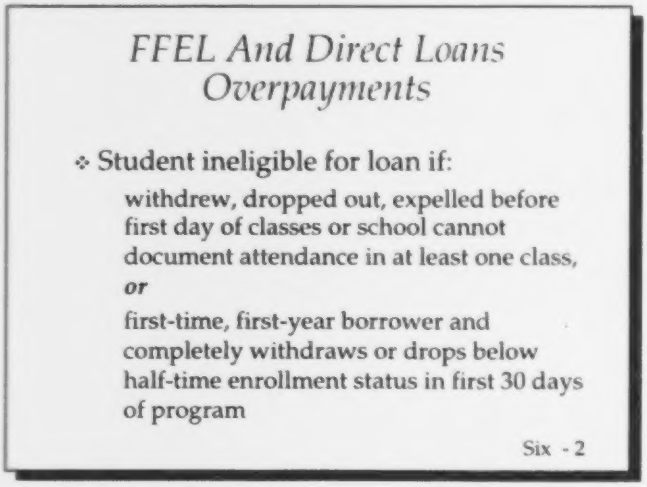
4. Refund Calculation and Repayment Calculation

- Refund calculation is the amount of institutional charges that is unearned when a Title IV student fails to complete the period of enrollment.
- Repayment calculation is the amount of cash disbursement to a student that is unearned when a Title IV student fails to complete the period of enrollment.
  - The unearned cash disbursements must be repaid by the Title IV student.
  - The school is not required to calculate a Title IV repayment if the only Title IV funds were from the FWS, Direct Loan, and FFEL Program loans.

Notes

To determine eligibility for Title IV funds, the student must attend at least one class in the period of enrollment for which he or she was charged. Otherwise:

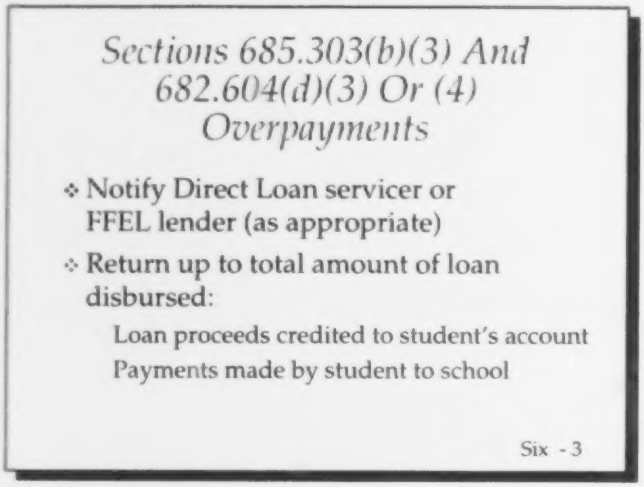
- the student is not eligible to receive any Title IV program assistance
- all Title IV funds for that enrollment period must be returned



FFEL And Direct Loans Overpayments

- Student ineligible for loan if:
  - withdrew, dropped out, expelled before first day of classes or school cannot document attendance in at least one class,
  - *or*
  - first-time, first-year borrower and completely withdraws or drops below half-time enrollment status in first 30 days of program

Six - 2

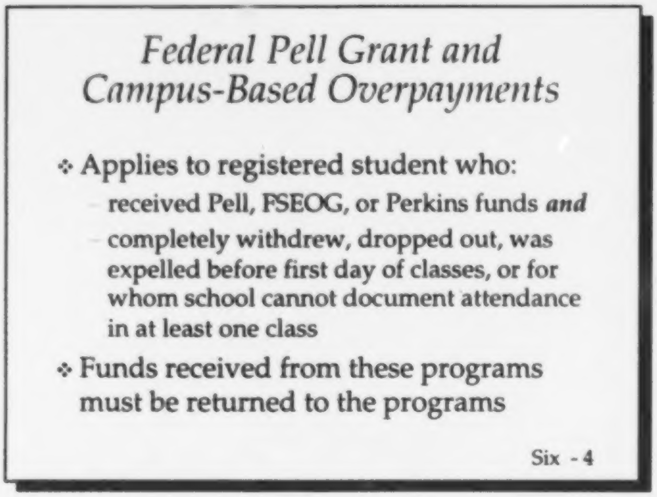


Sections 685.303(b)(3) And 682.604(d)(3) Or (4) Overpayments

- Notify Direct Loan servicer or FFEL lender (as appropriate)
- Return up to total amount of loan disbursed:
  - Loan proceeds credited to student's account
  - Payments made by student to school

Six - 3

Notes

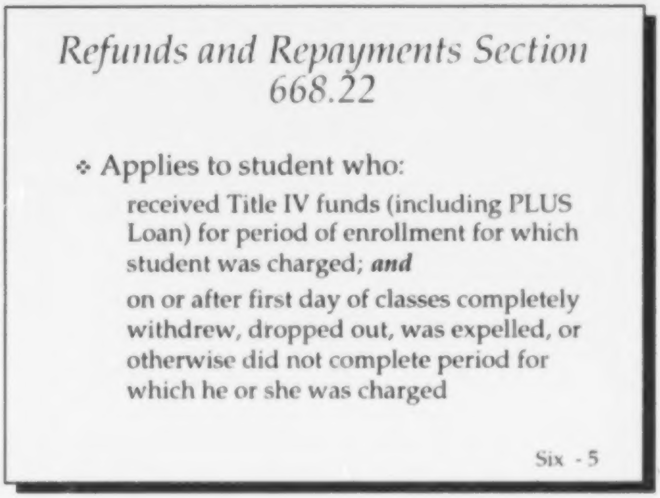


Federal Pell Grant and Campus-Based Overpayments

- Applies to registered student who:
  - received Pell, FSEOG, or Perkins funds ***and***
  - completely withdrew, dropped out, was expelled before first day of classes, or for whom school cannot document attendance in at least one class
- Funds received from these programs must be returned to the programs

Notes

5. Situations Requiring Refund or Repayment Calculations



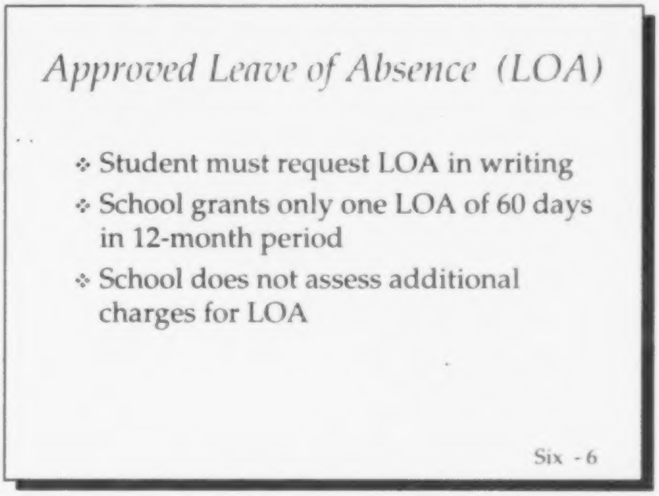
Refunds and Repayments Section 668.22

- Applies to student who:

  received Title IV funds (including PLUS Loan) for period of enrollment for which student was charged; ***and***

  on or after first day of classes completely withdrew, dropped out, was expelled, or otherwise did not complete period for which he or she was charged

Six - 5



Approved Leave of Absence (LOA)

- Student must request LOA in writing
- School grants only one LOA of 60 days in 12-month period
- School does not assess additional charges for LOA

Six - 6

A student who fails to return from an approved leave of absence as scheduled or takes unapproved leave:

- is considered to have withdrawn from the school; and
- is subject to refund and repayment requirements

Notes

If Section 668.22 Applies

- School must calculate:

  refund, regardless of how institutional charges were paid or how Title IV funds were disbursed; ***and***

  repayment, if any

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One exception applies to calculating the Title IV refund. The school does not have to calculate a refund if it:

- can demonstrate that the refund amount to the student is $25 or less

AND

- obtains written authorization from the student for the school to retain a refund of $25 or less

Test Yourself Quiz 1

Determining Whether Title IV Refund and Repayment Requirements Apply

Question 1

Background: After attending orientation sessions for new students on August 25 and 26, Albert enrolled for 12 credit hours for the fall semester on August 27. Although the first semester begins on September 4, Albert's first class is not scheduled to meet until September 8. On September 5, Albert completely withdrew from the school.

Albert was awarded an institutional scholarship, which covered his tuition and fees, and a Federal Pell Grant. Since all of Albert's institutional charges were completely paid for by his institutional scholarship, the first semester portion of his Federal Pell Grant was given to him in the form of a cash disbursement on August 26.

Question: Do the Title IV refund and repayment requirements apply?

Question 2

Background: During late registration, Beth registered for 14 credit hours for the first quarter. On September 11, she started classes. On September 18, she completely withdrew after receiving a failing grade on a paper she wrote.

Beth was awarded a Federal Stafford Loan, a Federal Pell Grant, and FWS. Her loan and her Federal Pell Grant were credited to her account when she registered. Although she began a FWS job September 13, she had not yet been paid for the hours she worked.

Question: Do the Title IV refund and repayment requirements apply?

Question 3

Background: On January 5, Clark registered for 6 credit hours for the second semester, which began on January 12. During the school's add/drop period, he added 9 more credit hours (on January 12) and dropped 4 credit hours (on January 15). On February 2, he completely withdrew from the school.

Clark was awarded a Federal Pell Grant and a Direct Loan for the award year. All of his aid was used to pay institutional charges.

Question: Do the Title IV refund and repayment requirements apply?

Notes

B. DETERMINING WHICH REFUND CALCULATIONS MUST BE PERFORMED

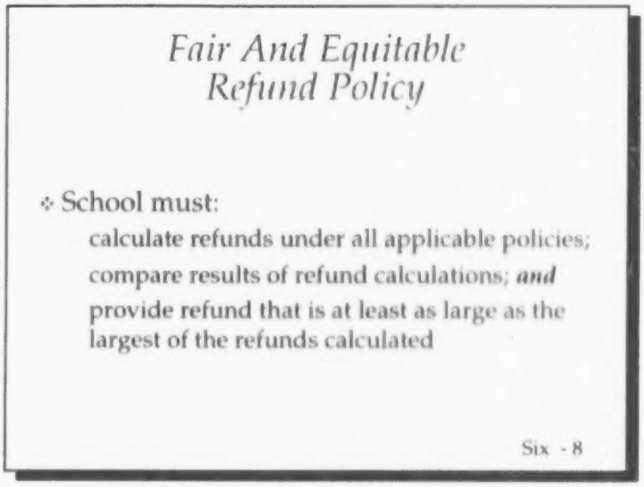
There are five refund policies:

- State refund policy
- Accrediting agency refund policy approved by ED
- Statutory pro rata
- Federal refund policy
- Institutional refund policy

The chart, "Determining Which Refund Policies Must be Compared," shows how to determine which set of refund calculations must be applied.

Two important factors are:

- whether the student is a first-time student and
- whether the withdrawal occurred on or before the 60% point in time.

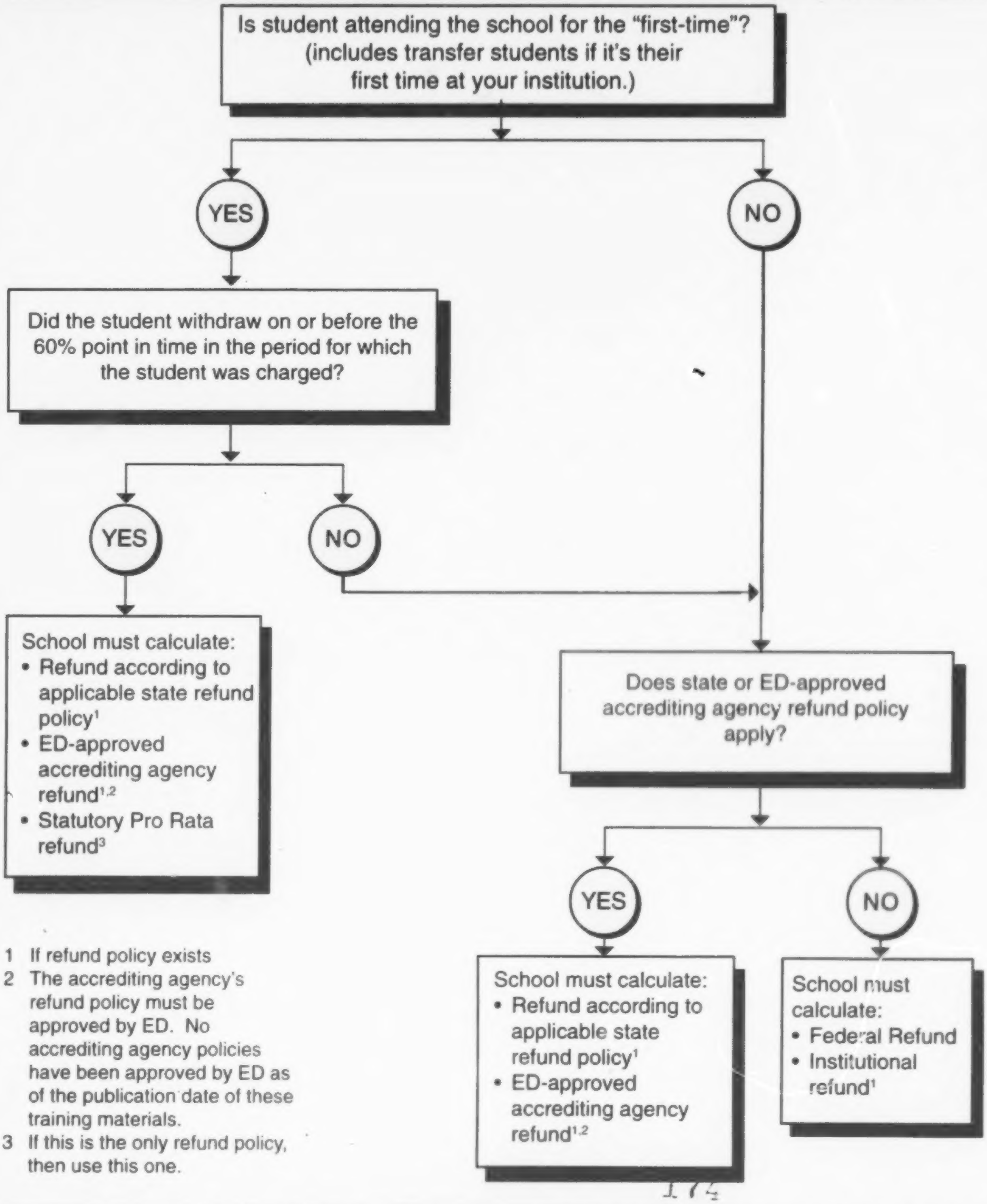


Fair And Equitable Refund Policy

- School must:
  - calculate refunds under all applicable policies;
  - compare results of refund calculations; ***and***
  - provide refund that is at least as large as the largest of the refunds calculated

Six - 8

DETERMINING WHICH REFUND POLICIES MUST BE COMPARED (STUDENT ATTENDED AT LEAST 1 CLASS AND RECEIVED TITLE IV FUNDS)


Is student attending the school for the "first-time"? (includes transfer students if it's their first time at your institution.)
YES
NO
Did the student withdraw on or before the 60% point in time in the period for which the student was charged?
YES
NO
School must calculate:
• Refund according to applicable state refund policy¹
• ED-approved accrediting agency refund¹˒²
• Statutory Pro Rata refund³
Does state or ED-approved accrediting agency refund policy apply?
YES
NO
School must calculate:
• Refund according to applicable state refund policy¹
• ED-approved accrediting agency refund¹˒²
School must calculate:
• Federal Refund
• Institutional refund¹

1 If refund policy exists

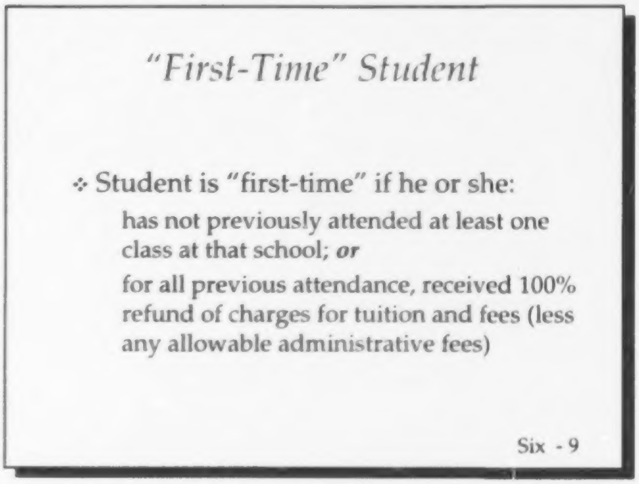
2 The accrediting agency's refund policy must be approved by ED. No accrediting agency policies have been approved by ED as of the publication date of these training materials.

3 If this is the only refund policy, then use this one.

1. When Pro Rata Refunds Apply

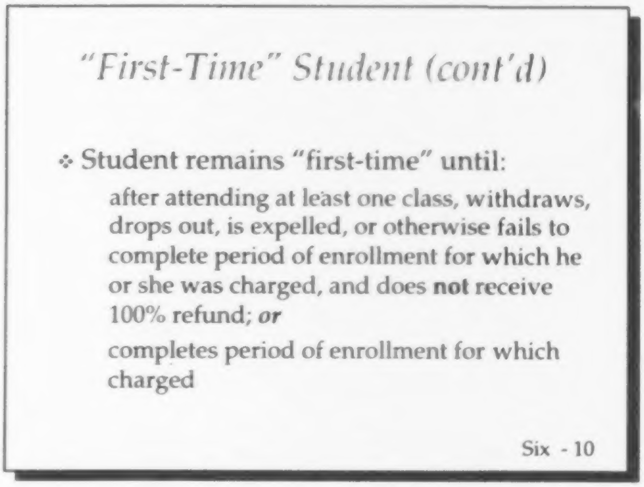
The pro rata refund policy applies when a student:

- is attending the school for the first time and
- leaves school on or before the 60% point in time in the period in which the student was charged



"First-Time" Student

- Student is "first-time" if he or she:
  - has not previously attended at least one class at that school; ***or***
  - for all previous attendance, received 100% refund of charges for tuition and fees (less any allowable administrative fees)



"First-Time" Student (cont'd)

- Student remains "first-time" until:
  - after attending at least one class, withdraws, drops out, is expelled, or otherwise fails to complete period of enrollment for which he or she was charged, and does **not** receive 100% refund; ***or***
  - completes period of enrollment for which charged

Notes

Notes

For a first-time student who, on or before the 60% point in time withdraws, drops out, is expelled, or fails to complete the period for which he or she was charged, calculate the refund under these three policies:

- The refund policy requirements of applicable state law;
- The refund policy developed by your school's nationally recognized accrediting agency, if approved by ED; and
- The statutory pro rata refund policy.

If no state refund requirement exists and your school's accrediting agency does not have an ED-approved refund policy, then your school only is required to calculate the statutory pro rata refund.

2. When Pro Rata Refunds Do Not Apply

As the chart shows, the different calculation requirements for a student who:

- is a continuing student or
- is attending your school for the first time, but withdrew after the 60% point in time in the period of enrollment for which the student was charged.

For these students, there are no pro rata refund requirements.

Instead, calculate and compare the refund amounts the student would receive under:

- refund requirements of state law and
- approved policy by ED from a nationally recognized accrediting agency.

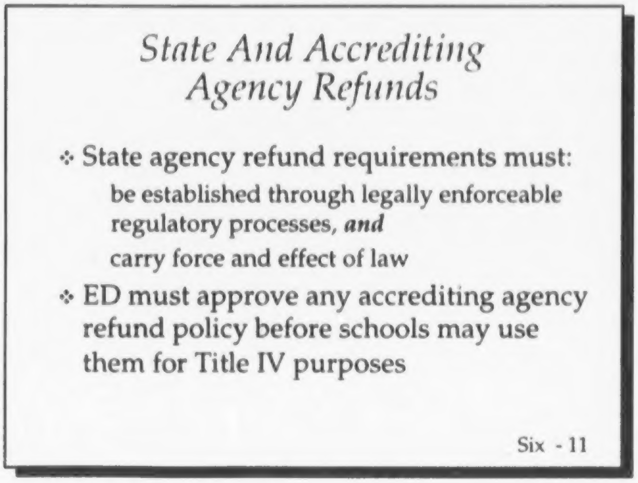
If no state refund policy exists, calculate the refund according only to your accrediting agency's ED-approved refund policy.

Notes

In the absence of both state and approved accrediting agency refund policies, calculate and compare the refund amounts the student would receive under:

- the federal refund policy under Section 668.22(d) and
- your school's refund policy, if your school has an institutional refund policy.

3. State and Accrediting Agency Refunds



State And Accrediting Agency Refunds

- State agency refund requirements must:
  - be established through legally enforceable regulatory processes, ***and***
  - carry force and effect of law
- ED must approve any accrediting agency refund policy before schools may use them for Title IV purposes

HEA requires schools to calculate and pay a refund on:

- tuition
- fees
- room
- board
- other charges assessed the student by the school

If the state refund requirements do not address all of the elements, schools must:

- extend the state refund formula to the missing elements

OR

- use the pro rata refund or federal refund policy, as applicable.

Notes

C. CALCULATING REFUNDS AND REPAYMENTS

To help schools calculate refunds and repayments, ED has developed five worksheets. Using these five worksheets is optional. The five are:

- the withdrawal record
- the pro rata refund calculation worksheet
- the federal refund calculation worksheet (for refunds calculated under the federal refund policy)
- the refund calculation worksheet (for non-pro-rata or nonfederal refund policy calculations)

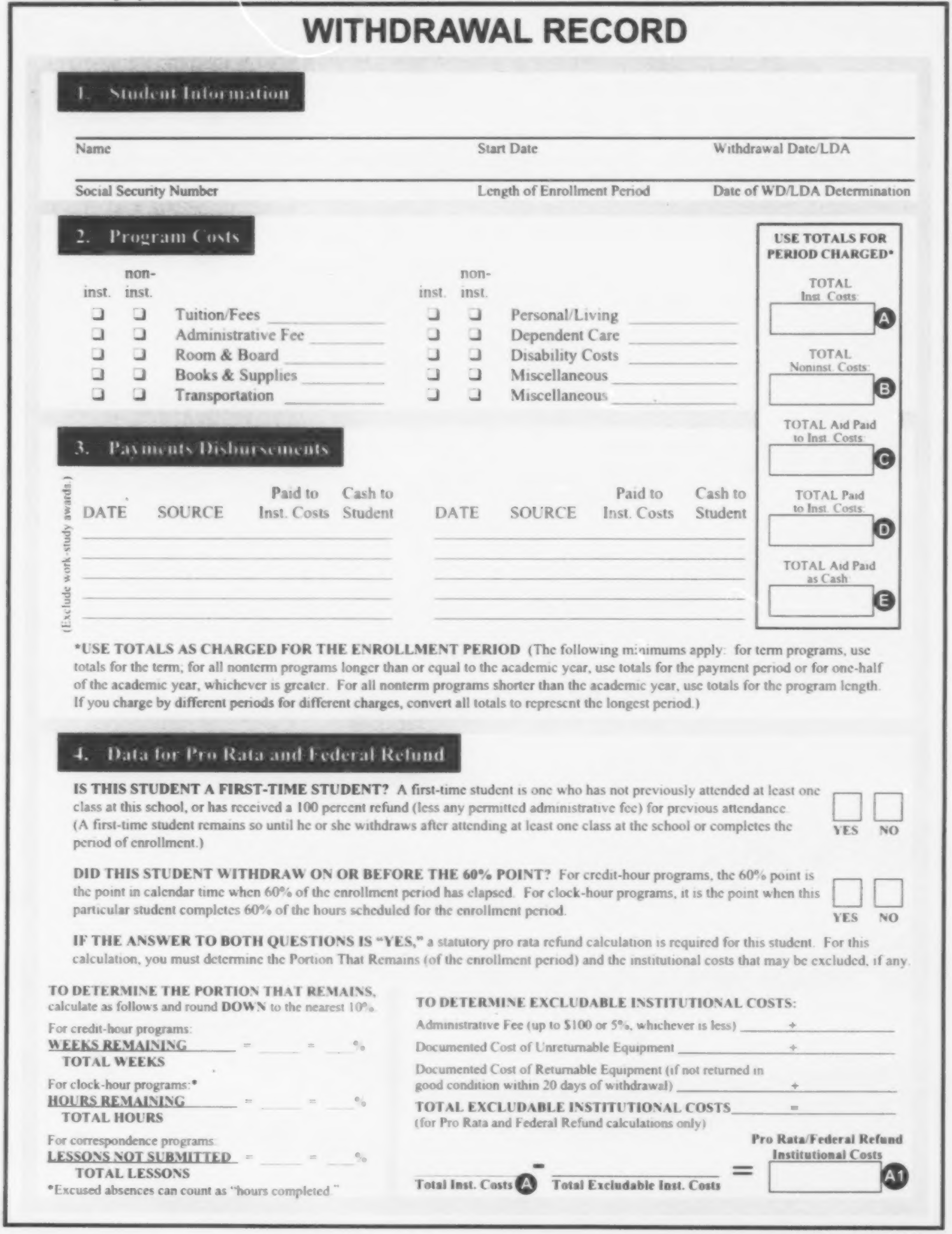
AND

- the repayment calculation worksheet

1. Withdrawal Record

The withdrawal record helps collect and organize need information.

a. Last Day of Attendance (Withdrawal Date)



WITHDRAWAL RECORD

1. Student Information

Name	Start Date	Withdrawal Date/LDA
Social Security Number	Length of Enrollment Period	Date of WD/LDA Determination

2. Program Costs

inst.	non-inst.			inst.	non-inst.		
☐	☐	Tuition/Fees	______	☐	☐	Personal/Living	______
☐	☐	Administrative Fee	______	☐	☐	Dependent Care	______
☐	☐	Room & Board	______	☐	☐	Disability Costs	______
☐	☐	Books & Supplies	______	☐	☐	Miscellaneous	______
☐	☐	Transportation	______	☐	☐	Miscellaneous	______

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs: ☐ Ⓐ

TOTAL Noninst. Costs: ☐ Ⓑ

TOTAL Aid Paid to Inst. Costs: ☐ Ⓒ

TOTAL Paid to Inst. Costs: ☐ Ⓓ

TOTAL Aid Paid as Cash: ☐ Ⓔ

3. Payments/Disbursements

(Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.) ☐ YES ☐ NO

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period. ☐ YES ☐ NO

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round **DOWN** to the nearest 10%.

For credit-hour programs:

$\frac{\textbf{WEEKS REMAINING}}{\textbf{TOTAL WEEKS}}$ = ______ = ___%

For clock-hour programs:*

$\frac{\textbf{HOURS REMAINING}}{\textbf{TOTAL HOURS}}$ = ______ = ___%

For correspondence programs:

$\frac{\textbf{LESSONS NOT SUBMITTED}}{\textbf{TOTAL LESSONS}}$ = ______ = ___%

*Excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

Administrative Fee (up to $100 or 5%, whichever is less) ______ + ______

Documented Cost of Unreturnable Equipment ______ + ______

Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal) ______ + ______

TOTAL EXCLUDABLE INSTITUTIONAL COSTS ______ = ______

(for Pro Rata and Federal Refund calculations only)

______ - ______ = ☐ A1

Total Inst. Costs Ⓐ **Total Excludable Inst. Costs** **Pro Rata/Federal Refund Institutional Costs**

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b. Period of Enrollment for Which Student was Charged

REQUIREMENTS FOR DETERMINING LAST DAY OF ATTENDANCE (WITHDRAWAL DATE)

Student's Action	Last Day of Attendance[1] (LDA)
Officially withdraws (includes situations in which the student is expelled or withdraws and subsequently notifies the school)	• Date last attended classes as documented by the school by means of tests, written assignments submitted, attendance records, etc. • Date last attended as specified by the student[2] • Date will last attend classes as specified by the student
Drops out (unofficial withdrawal)[1]	Last date of student's recorded attendance as documented by the school
Takes an unapproved leave of absence	Last date of student's recorded attendance as documented by the school
Fails to return from an approved leave of absence	Last date of student's recorded attendance as documented by the school
Enrolled in a correspondence program	Date of the last lesson submitted by student if the student failed to submit the subsequent lesson according to the school's schedule[3]

---

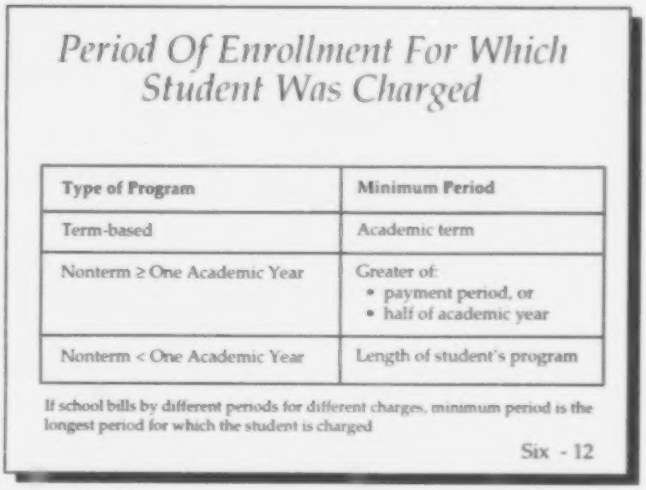
[1] Withdrawal date (or LDA) must be determined within 30 days after the expiration of the earlier of:
- The period of enrollment for which the student was charged;
- The academic year in which the student withdrew; or
- The end of the student's academic program.

[2] A school is not required to review its institutional records to document a student's last day of attendance *unless the student does not state that he or she last attended the school on a specific date — or unless the school has conflicting information.*

[3] The student may be restored to an "in-school status" if the student attests to the school in writing, within 60 days of the last lesson submitted:
- A desire to continue in the program, and
- An understanding that required lessons must be submitted on time.

Only one restoration of "in-school status" may be allowed on this basis.

Notes



Period Of Enrollment For Which Student Was Charged

Type of Program	Minimum Period
Term-based	Academic term
Nonterm ≥ One Academic Year	Greater of: • payment period, or • half of academic year
Nonterm < One Academic Year	Length of student's program

If school bills by different periods for different charges, minimum period is the longest period for which the student is charged

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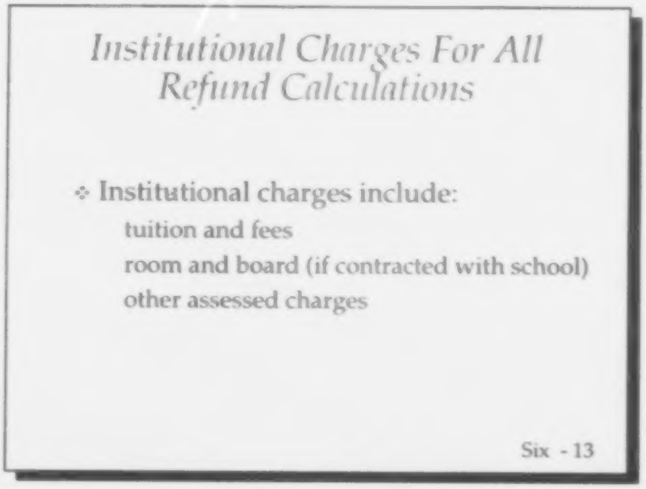
c. Determining Institutional and Noninstitutional Charges

Next, determine the student's educational costs for the period of enrollment for which the student was charged.

- Institutional charges are used in **refund** calculations.
- Noninstitutional costs are used in **repayment** calculations.



Institutional Charges For All Refund Calculations

- Institutional charges include:
  - tuition and fees
  - room and board (if contracted with school)
  - other assessed charges

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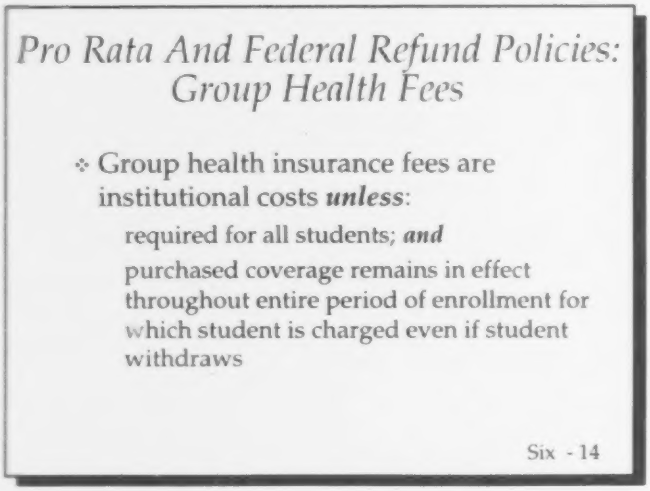
Notes

Program Costs

- Tuition and Fees
- Books and Supplies
- Room and Board
- Group Health Insurance



Pro Rata And Federal Refund Policies: Group Health Fees

- ❖ Group health insurance fees are institutional costs ***unless***:
  - required for all students; ***and***
  - purchased coverage remains in effect throughout entire period of enrollment for which student is charged even if student withdraws

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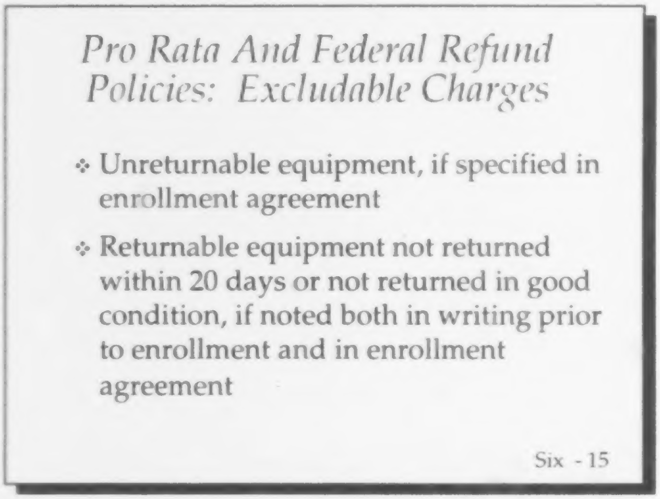
Excludable Charges Under the Pro Rata and Federal Refund Policies



Pro Rata And Federal Refund Policies: Excludable Charges

- ❖ Unreturnable equipment, if specified in enrollment agreement
- ❖ Returnable equipment not returned within 20 days or not returned in good condition, if noted both in writing prior to enrollment and in enrollment agreement

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Notes

Pro Rata And Federal Refund Policies: Excludable Charges (cont'd)

- Administrative fee — lesser of 5% of institutional charges or $100
  - need not be separately identifiable fee
  - must be disclosed in refund policy

Excludable Charges Under State, Accrediting Agency, and Institutional Refund Policies

State, Accrediting Agency, And Institutional Refund Policies: Excludable Charges

- Refund policy must calculate a refund on all elements required by statute
- Institutional refund policy and procedures must disclose:
  - charges excluded in each refund calculation
  - how excluded charges affect amount of refund

d. Payments and Disbursements

Determine how student's costs were paid.

- Which funds were used to pay institutional charges?
- Which funds were cash disbursement for noninstitutional charges?

Notes

Late Disbursements

Title IV Late Disbursements

- Must pay FWS; other Title IV is optional
- School may not differentiate between students who owe the school and students who do not
- Student must be eligible for late disbursement

Late Disbursements Of State Aid

- Include in refund calculation only if:
  - state has late disbursement policy; ***and***
  - student is eligible for late disbursement despite withdrawal; ***and***
  - funds are disbursed within 60 days of withdrawal

Notes

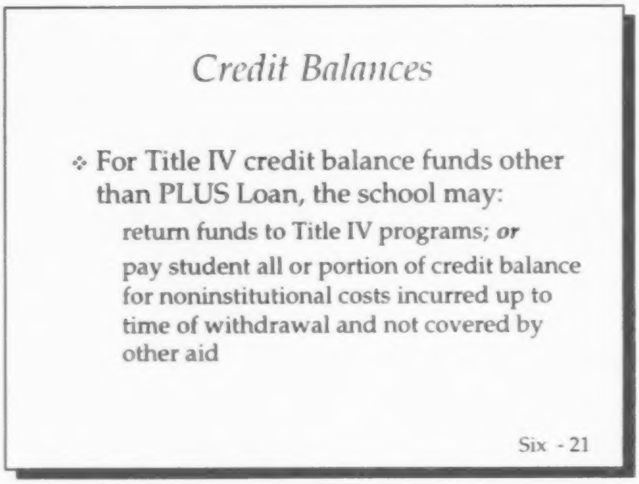
Late Disbursements Of Institutional Or Private Funds

- Not used in refund or repayment calculations
- After refund and repayment calculated, may pay remaining unpaid charges not covered by other aid, if permitted by donor

Notes

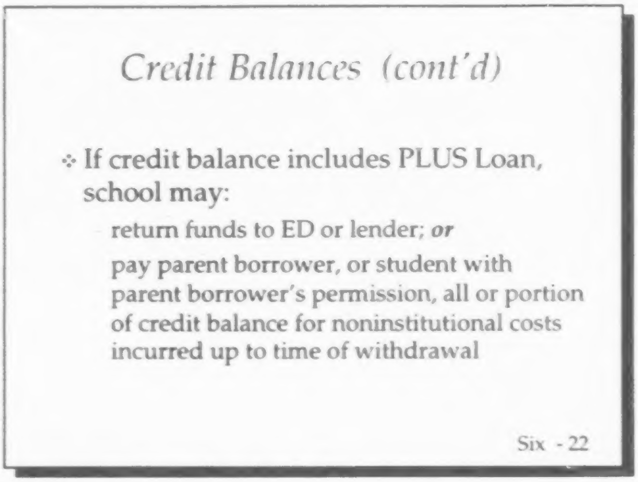
Credit Balances

- Must eliminate Title IV credit balance before calculating refund and repayment.



Credit Balances

- For Title IV credit balance funds other than PLUS Loan, the school may:
  - return funds to Title IV programs; ***or***
  - pay student all or portion of credit balance for noninstitutional costs incurred up to time of withdrawal and not covered by other aid



Credit Balances (cont'd)

- If credit balance includes PLUS Loan, school may:
  - return funds to ED or lender; ***or***
  - pay parent borrower, or student with parent borrower's permission, all or portion of credit balance for noninstitutional costs incurred up to time of withdrawal

Test Yourself Quiz 2

Late Disbursements

Background: Dagget College has a policy in which funds are credited to a student's account in the following order:

- State Grant
- Funds from outside sources
- Institutional grant or scholarship
- Federal Pell Grant
- FSEOG
- Federal Perkins Loan
- FFEL Program loans

The school and the state agency have a written policy to pay a late disbursement to a student who withdraws if the student is eligible for the late disbursement in spite of having withdrawn.

Drew is a second-year student who was enrolled in the school during the prior award year. He enrolled for the first semester and was awarded a $1,250 state grant, a $500 Elks Scholarship, a $1,000 Federal Pell Grant, and a $1,750 Federal Stafford Loan. His first semester institutional charges are $2,000, and his noninstitutional costs are $2,500.

Drew completely withdrew after attending the first week of classes. Only Drew's Federal Pell Grant had been credited to his account at the time of this withdrawal. The school had received his Federal Stafford Loan check, but Drew had not yet endorsed the check. The school had not received his State Grant or Elks Scholarship.

Question: What must the school do prior to calculating Drew's refund?

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Test Yourself Quiz 3

Credit Balances

Background: Eberhart College has a policy in which funds are credited to a student's account in the following order:

- State Grant
- Funds from outside sources
- Institutional grant or scholarship
- Federal Pell Grant
- FSEOG
- Federal Perkins Loan
- FFEL Program loans and/or Direct Loan Program loans

The school also has a policy to pay students who withdraw any credit balance for which they are eligible.

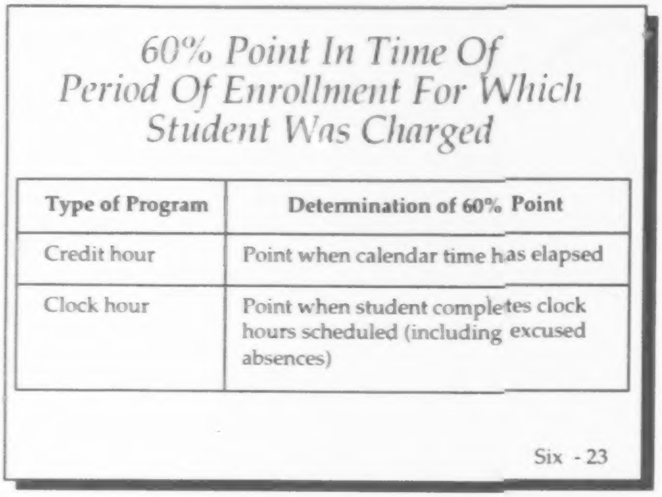
Eve is a first-year student. She was enrolled during the prior semester at the school. She enrolled for the second semester and notified the school that her last day of attendance would be during the second week.

Her aid for the second semester had been credited to her account, and consisted of a $1,000 State Grant, a $1,200 Federal Pell Grant, a $550 FSEOG award, and a $1,260 Direct Subsidized Stafford Loan. Her second semester institutional charges for tuition and fees were $1,500, and her noninstitutional costs are $3,500. At the time of her withdrawal, she had not yet stopped by the business office to pick up a check for the credit balance remaining on her account.

Question: What must the school do prior to calculating Eve's refund?

e. Data for Pro Rata Refund and Federal Refund Policy Calculation

The statutory pro rata refund must be calculated for a Title IV student who attended the school for the first time and withdrew on or before the 60% point in the period of enrollment for which he or she was charged.



60% Point In Time Of Period Of Enrollment For Which Student Was Charged

Type of Program	Determination of 60% Point
Credit hour	Point when calendar time has elapsed
Clock hour	Point when student completes clock hours scheduled (including excused absences)

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Notes

Examples

Determining the Portion of the Enrollment Period Completed and the Portion That Remains

Example 1: Credit-Hour Program

- Student attending the school for the first time withdraws after completing 4 weeks of a 15-week semester.
- Portion of the enrollment period completed:

$$\frac{\text{Number of weeks completed in the enrollment period}}{\text{Total number of weeks in the enrollment period}} \qquad \frac{\text{4 weeks}}{\text{15 weeks}}$$

- Portion of the enrollment period that remains:

$$\frac{\text{Number of weeks remaining in the enrollment period}}{\text{Total number of weeks in the enrollment period}} \qquad \frac{\text{11 weeks}}{\text{15 weeks}}$$

= 70% (that is, 73%, rounded down to the nearest 10%)

Example 2: Clock-Hour Program

- Student attending the school for the first time and enrolled in a 900-clock-hour program. Student withdraws after completing 243 clock hours of a 450-clock-hour payment period (school charges by the payment period).
- Portion of the enrollment period completed:

$$\frac{\text{Number of clock hours completed in the enrollment period}}{\text{Total number of clock hours in the enrollment period}} = \frac{\text{243 clock hours}}{\text{450 clock hours}} = 54\%$$

- Portion of the enrollment period that remains:

$$\frac{\text{Number of clock hours remaining in the enrollment period}}{\text{Total number of clock hours in the enrollment period}} = \frac{\text{207 clock hours}}{\text{450 clock hours}}$$

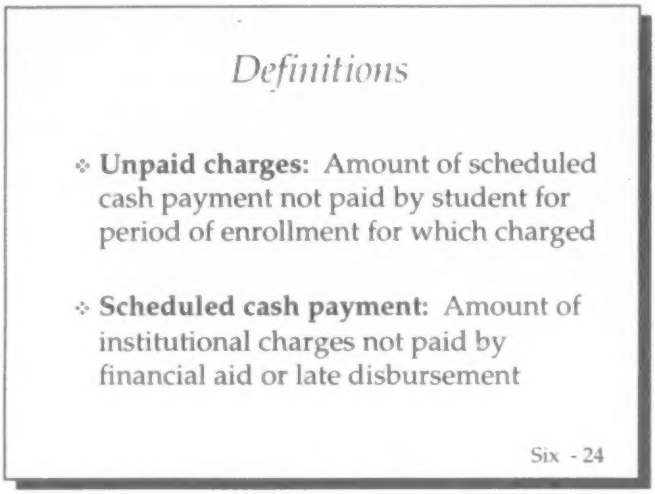
= 40% (that is, 46%, rounded down to the nearest 10%)

Notes

2. Calculating Refunds

a. Unpaid Charges

All Title IV refunds must take into account any unpaid institutional charges that the student might have at the time he or she withdraws.



Definitions

- **Unpaid charges:** Amount of scheduled cash payment not paid by student for period of enrollment for which charged
- **Scheduled cash payment:** Amount of institutional charges not paid by financial aid or late disbursement

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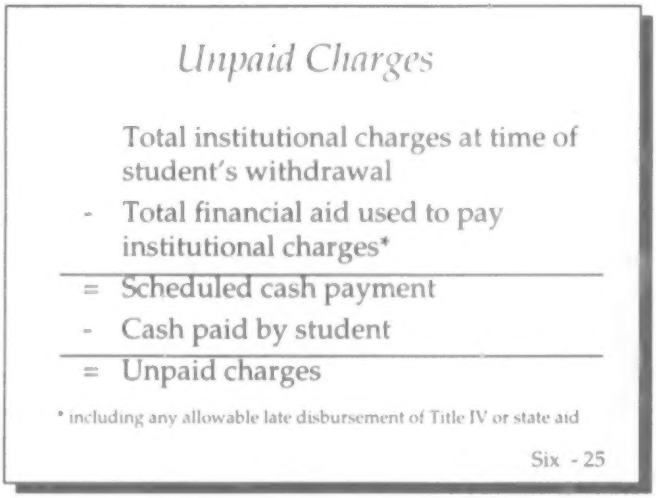

Unpaid Charges

Total institutional charges at time of student's withdrawal
- Total financial aid used to pay institutional charges*
= Scheduled cash payment
- Cash paid by student
= Unpaid charges

* including any allowable late disbursement of Title IV or state aid

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Notes

- For statutory pro rata refund calculations **only**, the amount of the student's unpaid charges is subtracted from the **initial refund amount**.
- For **all other types of refund calculations**, including voluntary pro rata refund calculations, unpaid charges are subtracted from the amount **retained**.

b. Institutional, State, and Accrediting Agency Refund Calculation

REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

Total Institutional Costs (from Withdrawal Record) Ⓐ

- Total Aid Paid to Inst. Costs* (also from Withdrawal Record) Ⓒ

= **Scheduled Cash Payment (SCP)** (attribution not allowable)

- Student's Cash Paid (from Withdrawal Record)

= **UNPAID CHARGES**

STEP TWO

Amount Retained

*Use the percentage specified by the State, accrediting agency, Federal Refund Calculation, or institutional refund policy being used for this calculation. For first-time students who withdraw on or before the 60% point in the enrollment period (see Withdrawal Record for details), a statutory *pro rata* refund must also be calculated. For every student receiving SFA funds, the school must compare the possible refunds and use the calculation that provides the largest refund.

Total Institutional Costs (from Withdrawal Record) Ⓐ

X % Allowed to Retain* (from refund policy being used)

= **Initial Amount Retained By The School**

- UNPAID CHARGES (from Step One)

= **AMOUNT RETAINED**

If this amount is zero or negative, all SFA paid to school charges must be returned (exc. FWS).

STEP THREE

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

Total Paid to Institutional Costs (from Withdrawal Record) Ⓓ

- Amount Retained (from Step Two)

= **REFUND AMOUNT TO BE DISTRIBUTED**

REFUND DISTRIBUTION - Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Federal Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

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c. Statutory Pro Rata Refund Calculation

PRO RATA REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

Total Institutional Costs (from Withdrawal Record) Ⓐ

- Total Aid Paid to Inst. Costs* (also from Withdrawal Record) Ⓒ

= **Student's Scheduled Cash Payment (SCP)**

- Student's Cash Paid (from Withdrawal Record)

= **UNPAID CHARGES**

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

Pro Rata Institutional Costs (from Withdrawal Record) (A1)

X % to be Refunded (from the Portion That Remains)

= **Initial Refund Amount**

- UNPAID CHARGES (from Step One)

= **ACTUAL REFUND TO BE DISTRIBUTED**

If this amount is negative, the school may bill the student for that amount. No refund is due.

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Federal Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

d. Federal Refund Policy Calculation

FEDERAL REFUND CALCULATION WORKSHEET

STEP ONE*

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	Total Institutional Costs (from Withdrawal Record) Ⓐ
-	Total Aid Paid to Inst. Costs* (also from Withdrawal Record) Ⓒ
=	**Scheduled Cash Payment (SCP)** (attribution not allowable)
-	Student's Cash Paid (from Withdrawal Record)
=	**UNPAID CHARGES**

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	Federal Refund Calculation Inst. Costs (from Withdrawal Record) (A1)
X	% to be Refunded (from the regulatory policy)
=	**REFUND AMOUNT TO BE DISTRIBUTED**

***NOTE:** Because calculating a Federal Refund in this manner does not show the amount retained by the school, the subtraction of unpaid charges from that amount is also not shown. However, the unpaid charges amount must still be calculated for the student because the refund process may result in the school not keeping the full amount it is allowed to retain under the Federal Refund Policy. In such a case, the school may collect the remaining balance from the student (the unpaid charges amount).

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private,
    or institutional aid ....
13. The student ....

REQUIRED FEDERAL REFUND POLICY PERCENTAGES

[illegible]	Percentage of institutional charges that must be refunded
On the first day of classes	100%
After the first day of classes through the first 10% of the enrollment period	90%
After the first 10% through the first 25% of the enrollment period	50%
After the first 25% through the first 50% of the enrollment period	25%
After the first 50% of the enrollment period	0

3. Calculating Repayments

REPAYMENT CALCULATION WORKSHEET

STEP ONE

Living Expenses Incurred

Because schools' repayment policies differ, this step can be calculated two ways: the total noninstitutional costs ("B" from the Withdrawal Record) may be retained at a flat percentage, or the itemized costs (listed on the Withdrawal Record) may be retained at differing rates and then totaled.

	Noninstitutional Costs *(from Withdrawal Record)*			**Expenses Actually Incurred** *(from school's repayment policy)*
Room & Board		x	=	
Books & Supplies		x	=	
Transportation		x	=	
Personal/Living/Misc.		x	=	
		X	=	
	TOTAL COSTS Ⓑ			**TOTAL INCURRED**

STEP TWO

Cash Paid to Student

*FFEL and Direct Loan funds are excluded from repayment—the student is already obligated to repay these funds to the lender.

Total Aid Paid as Cash (from Withdrawal Record) Ⓔ

- Cash Paid from FFEL/Direct Funds*

= **TOTAL CASH DISTRIBUTED**

STEP THREE

Repayment Amount

Funds must be returned to the appropriate program account(s) within 30 days of the student's repayment to the school.

Total Cash Paid to Student (from Step Two)

- Total Costs Incurred (from Step One)

= **REPAYMENT AMOUNT TO BE DISTRIBUTED**

If this amount is less than $100, the student owes no repayment

REPAYMENT DISTRIBUTION Prescribed by Regulation

TOTAL REPAYMENT

1. Federal Perkins Loan ....
2. Federal Pell Grant ....
3. FSEOG ....
4. Other Title IV Aid Programs ....
5. Other Federal, State, private, or institutional aid ....

Notes

4. Allocating Refunds and Repayments

- **Refunds** are required to be allocated to programs and to students in the following order:
    1. Federal SLS Program
    2. Unsubsidized Federal Stafford Loan Program
    3. Subsidized Federal Stafford Loan Program
    4. Federal PLUS Loan Program
    5. Unsubsidized Federal Direct Stafford Loan Program
    6. Subsidized Federal Direct Stafford Loan Program
    7. Federal Direct PLUS Loan Program
    8. Federal Perkins Loan Program
    9. Federal Pell Grant Program
    10. FSEOG Program
    11. Other Title IV aid programs
    12. Other federal, state, private, or institutional aid programs
    13. The student
- **Repayments** are required to be allocated to programs in the following order:
    1. Federal Perkins Loan Program
    2. Federal Pell Grant Program
    3. FSEOG Program
    4. Other Title IV aid programs
    5. Other federal, state, private, or institutional aid programs

Deadlines for Returning Title IV Funds to FFEL Lenders AND Program Accounts

DEADLINES FOR PAYING TITLE IV REFUNDS AND RETURN OF TITLE IV REPAYMENTS TO PROGRAM ACCOUNTS

<table>
<tr><th colspan="4">Title IV Refunds</th></tr>
<tr><th>Student Situation</th><th>Return FFEL Proceeds to Lender</th><th>Return Direct Loan, Federal Pell, FSEOG, and Federal Perkins Funds to Program Account</th><th>Pay Refund to Student</th></tr>
<tr><td>Officially withdraws (includes if student is expelled)</td><td>✦ Within 60 days of later of:
• Student's notification; or
• Student's last day of attendance</td><td>✦ Within 30 days of later of:
• Student's notification; or
• Student's last day of attendance</td><td>✦ Within 30 days of later of:
• Student's notification; or
• Student's last day of attendance</td></tr>
<tr><td>Unofficially withdraws</td><td>✦ Within 60 days of date of determination by the school that student ceased attending</td><td>✦ Within 30 days of date of determination by the school that student ceased attending</td><td>✦ Within 30 days of the earliest of:
• Date school determines student dropped out;
• Date of the end of the term; or
• Date of end of period of enrollment for which student charged</td></tr>
<tr><td>Takes unapproved leave of absence (LOA)</td><td>✦ Within 60 days of last recorded day of attendance</td><td>✦ Within 30 days of last recorded day of attendance</td><td>✦ Within 30 days of last recorded day of attendance</td></tr>
<tr><td>Fails to return from approved LOA</td><td>✦ Within 30 days of the earlier of:
• Date of the end of LOA; or
• Date student notified school he or she would not be returning</td><td>✦ Within 30 days of the earlier of:
• Date of the end of LOA; or
• Date student notified school he or she would not be returning</td><td>✦ Within 30 days of the earlier of:
• Date of the end of LOA; or
• Date student notified school he or she would not be returning</td></tr>
<tr><th colspan="4">Title IV Repayments</th></tr>
<tr><td colspan="4">✦ School must return Federal Pell Grant, FSEOG, or Federal Perkins repayment to appropriate account within 30 days of date of student's payment.</td></tr>
</table>

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Notes

D. REQUIRED DISCLOSURES ON SCHOOL REFUND AND REPAYMENT POLICIES

- A school is required to provide certain information that clearly explains the school's refund policies and procedures, including:
    - an explanation of how refunds will be calculated and distributed
    - an explanation of factors affecting the calculation of a student's refund
    - the availability of examples illustrating the application of the school's refund policy.

See Section 668.22(a)(2) for additional information.

Notes

E. CASE STUDIES

Notes on the Refund and Repayment Case Studies

Each case study contains all of the information and appropriate blank worksheets needed to complete the case study. Not all of the information provided with each case study necessarily will be used to complete the case study. For example, each case study contains a description of the school's refund policy even though not all will require you to calculate the institutional refund.

Each case study will require you to determine which type(s) of refunds must be calculated. Because at the time these training materials were finalized, there were no approved accrediting agency refund policies, no case study requires the calculation of an accrediting agency refund. If a state refund must be calculated, the state's refund policy will be indicated in the "Refund Policy" section of the case study. In the absence of such information, you may assume that no state refund requirements apply to the particular case study. Although you may make this assumption in completing the case studies for this training, you should always establish which types of refund policy requirements apply at your school.

Some of the case studies illustrate the requirements related to excludable charges for required supplies and equipment. One of the regulatory requirements governing required supplies and equipment specifies that the costs the school charges must be reasonably related to the school's costs for providing the supplies and equipment. For purposes of these case studies only, you may assume that the school satisfies this regulatory provision. However, if students at your school are required to obtain supplies and equipment provided by your school, you should make certain that your school is complying with this provision on reasonable costs for required supplies and equipment.

A solution sheet and completed worksheets accompany each case study. The solution for each case study, which highlights the major training points of the case study, follows the steps for completing, as appropriate, the Withdrawal Record, the applicable refund worksheet(s), and the repayment worksheet.

Case Study 1

Apex Community College

- **Loan is only aid received**
- **Loan delivered to student**
- **Enrollment change prior to withdrawal**

Objective

To illustrate the determination of withdrawal date, the treatment of loan proceeds, and the calculation of institutional charges.

School Information

Apex Community College:

- Two-year, term-based, public community college
- Measures progress in credit hours
- AY consists of two 15-week semesters
- If a student withdraws from individual courses (i.e., not a complete withdrawal from the school), the tuition charge for the course(s) is reduced 100%

Refund Policy

Institutional Refund Policy

If the student withdraws:	The school retains:
Before classes	0
First week	20%
Second week	40%
Third week	60%
Fourth week	80%
After fourth week	100%

The school does not exclude any administrative fee for withdrawals.

State Refund Policy

No state refund policy exists.

Case Study 1: Apex Community College (cont'd)

Repayment Policy

Living expenses are prorated based on the number of weeks the student completes during the semester. For students who begin classes, 50% of the books and supplies allowance is considered to be expended.

Student Information

- Adam is attending his second year at the school.
- Adam enrolls for 15 semester hours for the first semester and starts classes on August 25.
- On September 4, during the second week and the school's add/drop period, Adam withdraws from 6 semester hours.
- He officially withdraws on September 18 during the fourth week of the semester.

Program Costs

Costs for each semester:

Tuition	$30 per semester hour
Fees	$45
Books and supplies allowance	$ 300
School's allowance for off-campus living expenses	$2,750

Aid Awarded

Subsidized Federal Stafford Loan (total amount approved). $3,500

Case Study 1: Apex Community College (cont'd)

Aid Disbursed for the Payment Period

Subsidized Federal Stafford Loan	$1,680

The Federal Stafford Loan is scheduled to be disbursed in two equal installments of $1,680 (i.e., half of the total amount approved minus the origination fee and insurance premium) at the beginning of each semester.

Because Adam paid his charges for tuition and fees from his savings when he registered on August 4, the school gave the Federal Stafford Loan check directly to him for his noninstitutional expenses. Adam used his loan proceeds to pay for his books and supplies. After the school adjusted Adam's tuition charges on September 4 for the 6 semester hours he dropped, it returned to Adam $180 of his cash payment (i.e., the amount by which his tuition charges were reduced).

Task

- ✦ Calculate the amount of refund and repayment, if any.

WITHDRAWAL RECORD

1. Student Information

Name ____________________ Start Date ____________ Withdrawal Date/LDA ____________

Social Security Number ____________________ Length of Enrollment Period ____________ Date of WD/LDA Determination ____________

2. Program Costs

inst.	non-inst.		inst.	non-inst.	
☐	☐	Tuition/Fees ____________	☐	☐	Personal/Living ____________
☐	☐	Administrative Fee ____________	☐	☐	Dependent Care ____________
☐	☐	Room & Board ____________	☐	☐	Disability Costs ____________
☐	☐	Books & Supplies ____________	☐	☐	Miscellaneous ____________
☐	☐	Transportation ____________	☐	☐	Miscellaneous ____________

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs: ☐ Ⓐ

TOTAL Noninst. Costs: ☐ Ⓑ

TOTAL Aid Paid to Inst. Costs: ☐ Ⓒ

TOTAL Paid to Inst. Costs: ☐ Ⓓ

TOTAL Aid Paid as Cash ☐ Ⓔ

3. Payments/Disbursements

(Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.)

☐ YES ☐ NO

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period.

☐ YES ☐ NO

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round **DOWN** to the nearest 10%.

For credit-hour programs:

$\dfrac{\text{WEEKS REMAINING}}{\text{TOTAL WEEKS}}$ = ______ = ______%

For clock-hour programs:*

$\dfrac{\text{HOURS REMAINING}}{\text{TOTAL HOURS}}$ = ______ = ______%

For correspondence programs:

$\dfrac{\text{LESSONS NOT SUBMITTED}}{\text{TOTAL LESSONS}}$ = ______ = ______%

*Excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

Administrative Fee (up to $100 or 5%, whichever is less) ________ + ____________

Documented Cost of Unreturnable Equipment ________ + ____________

Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal) ________ + ____________

TOTAL EXCLUDABLE INSTITUTIONAL COSTS ________ = ____________

(for Pro Rata and Federal Refund calculations only)

______________ − ______________ = ☐ A1

Total Inst. Costs Ⓐ **Total Excludable Inst. Costs** **Pro Rata/Federal Refund Institutional Costs**

BEST COPY AVAILABLE

REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

Total Institutional Costs (from Withdrawal Record) Ⓐ

- Total Aid Paid to Inst. Costs* (also from Withdrawal Record) Ⓒ

= **Scheduled Cash Payment (SCP)** (attribution not allowable)

- Student's Cash Paid (from Withdrawal Record)

= **UNPAID CHARGES**

STEP TWO

Amount Retained

*Use the percentage specified by the State, accrediting agency, Federal Refund Calculation, or institutional refund policy being used for this calculation. For first-time students who withdraw on or before the 60% point in the enrollment period (see Withdrawal Record for details), a statutory *pro rata* refund must also be calculated. For every student receiving SFA funds, the school must compare the possible refunds and use the calculation that provides the largest refund.

Total Institutional Costs (from Withdrawal Record) Ⓐ

X % Allowed to Retain* (from refund policy being used)

= **Initial Amount Retained By The School**

- UNPAID CHARGES (from Step One)

= **AMOUNT RETAINED**

If this amount is zero or negative, all SFA paid to school charges must be returned (exc. FWS).

STEP THREE

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

Total Paid to Institutional Costs (from Withdrawal Record) Ⓓ

- Amount Retained (from Step Two)

= **REFUND AMOUNT TO BE DISTRIBUTED**

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Federal Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

FEDERAL REFUND CALCULATION WORKSHEET

STEP ONE*

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

Total Institutional Costs (from Withdrawal Record) Ⓐ

- Total Aid Paid to Inst. Costs* (also from Withdrawal Record) Ⓒ

= **Scheduled Cash Payment (SCP)** (attribution not allowable)

- Student's Cash Paid (from Withdrawal Record)

= **UNPAID CHARGES**

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

Federal Refund Calculation Inst. Costs (from Withdrawal Record) (A1)

X % to be Refunded (from the regulatory policy)

= **REFUND AMOUNT TO BE DISTRIBUTED**

***NOTE:** Because calculating a Federal Refund in this manner does not show the amount retained by the school, the subtraction of unpaid charges from that amount is also not shown. However, the unpaid charges amount must still be calculated for the student because the refund process may result in the school not keeping the full amount it is allowed to retain under the Federal Refund Policy. In such a case, the school may collect the remaining balance from the student (the unpaid charges amount).

REFUND DISTRIBUTION Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

Case Study 1 Solution

Apex Community College

Important Points

- Although none of Adam's Federal Stafford Loan was used to pay his institutional charges, a refund must be calculated. No repayment calculation is required because Federal Stafford Loans (i.e., the only Title IV funds he received) are excluded from the repayment calculation.
- Because Adam is not attending the school for the first-time, the Pro Rata refund does not apply. Because there is no state or approved accrediting agency refund policy, the school must calculate and compare the amount of refund that would be due under the school's refund policy and the Federal Refund Policy and pay an amount that is at least as large as the larger of the refunds calculated.
- The amount of the Title IV refund is based only on the amount of institutional charges that remained after the school adjusted Adam's tuition and fee charges on September 4 (i.e., $495 minus $180).
- Adam withdrew after completing 27% of the period of enrollment for which he was charged (i.e., 4 weeks divided by 15 weeks), which is after the first 25% but before the first 50%. Therefore, under the Federal Refund Policy calculation, he is due a 25% refund of his institutional charges.

WITHDRAWAL RECORD

1. Student Information

Adam	*8/25*	*9/18*
Name	**Start Date**	**Withdrawal Date/LDA**
	15-week semester	*9/18*
Social Security Number	**Length of Enrollment Period**	**Date of WD/LDA Determination**

2. Program Costs

inst.	non-inst.			inst.	non-inst.		
☒	☐	Tuition/Fees	315	☐	☐	Personal/Living	
☐	☐	Administrative Fee		☐	☐	Dependent Care	
☐	☒	Room & Board	2,750	☐	☐	Disability Costs	
☐	☒	Books & Supplies	300	☐	☐	Miscellaneous	
☐	☐	Transportation		☐	☐	Miscellaneous	

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs:	315	Ⓐ
TOTAL Noninst. Costs:	3,050	Ⓑ
TOTAL Aid Paid to Inst. Costs:	0	Ⓒ
TOTAL Paid to Inst. Costs:	315	Ⓓ
TOTAL Aid Paid as Cash:	1,680	Ⓔ

3. Payments/Disbursements

(Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student
8/4	*cash payment*	*315*					
8/25	*Federal Stafford*		*1,680*				

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.) ☐ YES ☒ NO

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period. ☒ YES ☐ NO

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round **DOWN** to the nearest 10%.

For credit-hour programs:
WEEKS REMAINING / TOTAL WEEKS = ____ = ___%

For clock-hour programs:*
HOURS REMAINING / TOTAL HOURS = ____ = ___%

For correspondence programs:
LESSONS NOT SUBMITTED / TOTAL LESSONS = ____ = ___%

*Excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

Administrative Fee (up to $100 or 5%, whichever is less) + *0*
Documented Cost of Unreturnable Equipment + *0*
Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal) + *0*
TOTAL EXCLUDABLE INSTITUTIONAL COSTS = *0*
(for Pro Rata and Federal Refund calculations only)

315 (**Total Inst. Costs** Ⓐ) − *0* (**Total Excludable Inst. Costs**) = *315* (**Pro Rata/Federal Refund Institutional Costs** Ⓐ1)

REFUND CALCULATION WORKSHEET

Institutional

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	315	Total Institutional Costs (from Withdrawal Record) Ⓐ
-	*0*	Total Aid Paid to Inst. Costs* (also from Withdrawal Record) Ⓒ
=	*315*	**Scheduled Cash Payment (SCP)** (attribution not allowable)
-	*315*	Student's Cash Paid (from Withdrawal Record)
=	*0*	**UNPAID CHARGES**

STEP TWO

Amount Retained

*Use the percentage specified by the State, accrediting agency, Federal Refund Calculation, or institutional refund policy being used for this calculation. For first-time students who withdraw on or before the 60% point in the enrollment period (see Withdrawal Record for details), a statutory *pro rata* refund must also be calculated. For every student receiving SFA funds, the school must compare the possible refunds and use the calculation that provides the largest refund.

	315	Total Institutional Costs (from Withdrawal Record) Ⓐ
X	*80%*	% Allowed to Retain* (from refund policy being used)
=	*252*	**Initial Amount Retained By The School**
-	*0*	UNPAID CHARGES (from Step One)
=	*252*	**AMOUNT RETAINED**

If this amount is zero or negative, all SFA paid to school charges must be returned (exc. FWS).

STEP THREE

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	315	Total Paid to Institutional Costs (from Withdrawal Record) Ⓓ
-	252	Amount Retained (from Step Two)
=	63	**REFUND AMOUNT TO BE DISTRIBUTED**

REFUND DISTRIBUTION Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Federal Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

FEDERAL REFUND CALCULATION WORKSHEET

STEP ONE*

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	315	Total Institutional Costs (from Withdrawal Record) Ⓐ
-	*0*	Total Aid Paid to Inst. Costs* (also from Withdrawal Record) Ⓒ
=	*315*	**Scheduled Cash Payment (SCP)** (attribution not allowable)
-	*315*	Student's Cash Paid (from Withdrawal Record)
=	*0*	**UNPAID CHARGES**

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	315	Federal Refund Calculation Inst. Costs (from Withdrawal Record) (A1)
X	*25%*	% to be Refunded (from the regulatory policy)
=	*79*	**REFUND AMOUNT TO BE DISTRIBUTED**

***NOTE:** Because calculating a Federal Refund in this manner does not show the amount retained by the school, the subtraction of unpaid charges from that amount is also not shown. However, the unpaid charges amount must still be calculated for the student because the refund process may result in the school not keeping the full amount it is allowed to retain under the Federal Refund Policy. In such a case, the school may collect the remaining balance from the student (the unpaid charges amount).

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND *79*

1. Federal SLS Loan		8. Perkins Loan	
2. Unsubsidized Federal Stafford Loan		9. Federal Pell Grant	
3. Subsidized Federal Stafford Loan	*79*	10. FSEOG	
4. Federal PLUS Loan		11. Other Title IV Aid Programs	
5. Unsubsidized Federal Direct Stafford Loan		12. Other Federal, State, private, or institutional aid	
6. Subsidized Federal Direct Stafford Loan		13. The student	
7. Federal Direct PLUS Loan			

Case Study 2

Beemis Technical College

- **Unsubsidized loan funds only aid received**
- **All loan proceeds disbursed to student**

Objective

To illustrate the treatment of loan proceeds, the determination of the period of enrollment for which student was charged, and the calculation of institutional charges.

School Information

Beemis Technical College:

- Nonterm, clock-hour programs of varying lengths
- A 900-clock-hour program takes 30 weeks to complete, and is divided into two 450-clock-hour payment periods
- School charges tuition and fees for the entire program at the time of enrollment

Refund Policy

Institutional Refund Policy

If the number of clock hours student completes:	The school retains:
Less than 10%	10%
10 – 19%	20%
20 – 29%	30%
30 – 39%	50%
40 – 49%	75%
50% or more	100%

The school does not exclude any administrative fee for withdrawals.

State Refund Policy

No state refund policy exists.

Repayment Policy

Living expenses are prorated based on the number of weeks the student is enrolled. For students who begin classes, 50% of the books and supplies allowance are considered to be expended.

Case Study 2: Beemis Technical College (cont'd)

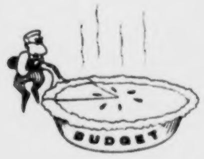
Student Information

- Beth starts classes on September 15 in a 900-clock-hour program.
- She withdraws from the program on October 3 after attending and completing 90 clock hours (the third week of classes).
- Two years prior to enrolling in this 900-clock-hour program, Beth completed a 750-clock-hour program at the school for which she received a Direct Unsubsidized Stafford Loan. Therefore, her loan is not subject to the delayed disbursement requirement.

Program Costs

Costs for program:

Tuition	$1,800
Fees	$25
Books and supplies allowance*	$150
School's allowance for off-campus living expenses	$6,000



Aid Awarded

Direct Unsubsidized Stafford Loan (total amount approved)	$2,625

Aid Disbursed for the Payment Period

Direct Unsubsidized Stafford Loan	$1,260

The Direct Unsubsidized Stafford Loan is scheduled to be disbursed in two equal installments of $1,260 (i.e., half of the total amount approved minus the origination fee) at the beginning of each payment period.

Because Beth paid her charges for tuition and fees from her savings on September 2 when she was admitted to the program, the school disbursed all of the loan proceeds to her for noninstitutional expenses. Beth paid for her books and supplies with money from her loan proceeds.

Task

- Calculate the amount of refund and repayment, if any.

---

*Books and supplies are purchased at stores not affiliated with the school.

WITHDRAWAL RECORD

1. Student Information

Name ____ Start Date ____ Withdrawal Date/LDA ____

Social Security Number ____ Length of Enrollment Period ____ Date of WD/LDA Determination ____

2. Program Costs

inst.	non-inst.		inst.	non-inst.	
☐	☐	Tuition/Fees ____	☐	☐	Personal/Living ____
☐	☐	Administrative Fee ____	☐	☐	Dependent Care ____
☐	☐	Room & Board ____	☐	☐	Disability Costs ____
☐	☐	Books & Supplies ____	☐	☐	Miscellaneous ____
☐	☐	Transportation ____	☐	☐	Miscellaneous ____

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs: ☐ Ⓐ

TOTAL Noninst. Costs: ☐ Ⓑ

TOTAL Aid Paid to Inst. Costs: ☐ Ⓒ

TOTAL Paid to Inst. Costs: ☐ Ⓓ

TOTAL Aid Paid as Cash: ☐ Ⓔ

3. Payments/Disbursements

(Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.) ☐ YES ☐ NO

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period. ☐ YES ☐ NO

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round **DOWN** to the nearest 10%.

For credit-hour programs:

$\frac{\text{WEEKS REMAINING}}{\text{TOTAL WEEKS}}$ ____ = ____ = ____%

For clock-hour programs:*

$\frac{\text{HOURS REMAINING}}{\text{TOTAL HOURS}}$ ____ = ____ = ____%

For correspondence programs:

$\frac{\text{LESSONS NOT SUBMITTED}}{\text{TOTAL LESSONS}}$ ____ = ____ = ____%

*Excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

Administrative Fee (up to $100 or 5%, whichever is less) ____ + ____

Documented Cost of Unreturnable Equipment ____ + ____

Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal) ____ + ____

TOTAL EXCLUDABLE INSTITUTIONAL COSTS ____ = ____

(for Pro Rata and Federal Refund calculations only)

____ – ____ = ☐ A1

Total Inst. Costs Ⓐ **Total Excludable Inst. Costs** **Pro Rata/Federal Refund Institutional Costs**

REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

Total Institutional Costs (from Withdrawal Record) Ⓐ

- Total Aid Paid to Inst. Costs* (also from Withdrawal Record) Ⓒ

= **Scheduled Cash Payment (SCP)** (attribution not allowable)

- Student's Cash Paid (from Withdrawal Record)

= **UNPAID CHARGES**

STEP TWO

Amount Retained

*Use the percentage specified by the State, accrediting agency, Federal Refund Calculation, or institutional refund policy being used for this calculation. For first-time students who withdraw on or before the 60% point in the enrollment period (see Withdrawal Record for details), a statutory *pro rata* refund must also be calculated. For every student receiving SFA funds, the school must compare the possible refunds and use the calculation that provides the largest refund.

Total Institutional Costs (from Withdrawal Record) Ⓐ

X % Allowed to Retain* (from refund policy being used)

= **Initial Amount Retained By The School**

- UNPAID CHARGES (from Step One)

= **AMOUNT RETAINED**

If this amount is zero or negative, all SFA paid to school charges must be returned (exc. FWS).

STEP THREE

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

Total Paid to Institutional Costs (from Withdrawal Record) Ⓓ

- Amount Retained (from Step Two)

= **REFUND AMOUNT TO BE DISTRIBUTED**

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND ______

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Federal Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

FEDERAL REFUND CALCULATION WORKSHEET

STEP ONE*

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

Total Institutional Costs (from Withdrawal Record) Ⓐ

- Total Aid Paid to Inst. Costs* (also from Withdrawal Record) Ⓒ

= **Scheduled Cash Payment (SCP)** (attribution not allowable)

- Student's Cash Paid (from Withdrawal Record)

= **UNPAID CHARGES**

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

Federal Refund Calculation Inst. Costs (from Withdrawal Record) (A1)

X % to be Refunded (from the regulatory policy)

= **REFUND AMOUNT TO BE DISTRIBUTED**

***NOTE:** Because calculating a Federal Refund in this manner does not show the amount retained by the school, the subtraction of unpaid charges from that amount is also not shown. However, the unpaid charges amount must still be calculated for the student because the refund process may result in the school not keeping the full amount it is allowed to retain under the Federal Refund Policy. In such a case, the school may collect the remaining balance from the student (the unpaid charges amount).

REFUND DISTRIBUTION—Prescribed by Law and Regulation *

TOTAL REFUND

1. Federal SLS Loan
2. Unsubsidized Federal Stafford Loan
3. Subsidized Federal Stafford Loan
4. Federal PLUS Loan
5. Unsubsidized Federal Direct Stafford Loan
6. Subsidized Federal Direct Stafford Loan
7. Federal Direct PLUS Loan
8. Perkins Loan
9. Federal Pell Grant
10. FSEOG
11. Other Title IV Aid Programs
12. Other Federal, State, private, or institutional aid
13. The student

Case Study 2 Solution

Beemis Technical College

Important Points

- Although none of Beth's Direct Unsubsidized Stafford Loan was used to pay her institutional charges, a refund must be calculated. No repayment calculation is required because Direct Unsubsidized Stafford Loans (the only Title IV funds she received) are excluded from the repayment calculation.
- Because Beth is not attending the school for the first-time, the Pro Rata refund policy does not apply. Because there is no state or approved accrediting agency refund policy, the school must calculate and compare the amount of refund that would be due under the school's refund policy and the Federal Refund Policy, and pay an amount that is at least as large as the larger of the refunds calculated.
- Because the college charges the tuition and fees for the entire program at the time of the student's enrollment, the entire length of the 900-clock-hour program is the period of enrollment for which she was charged.
- Beth withdrew after completing 10% of the clock hours for the period of enrollment for which she was charged (i.e., 90 clock hours divided by 900 clock hours). Therefore, she is due a 90% refund of her institutional charges under the Federal Refund Policy calculation.

WITHDRAWAL RECORD

1. Student Information

Beth	*9/15*	*10/3*
Name	Start Date	Withdrawal Date/LDA
	900 clock hours, 30 weeks	*10/3*
Social Security Number	Length of Enrollment Period	Date of WD/LDA Determination

2. Program Costs

inst.	non-inst.			inst.	non-inst.		
☒	☐	Tuition/Fees	*1,825*	☐	☐	Personal/Living	
☐	☐	Administrative Fee		☐	☐	Dependent Care	
☐	☒	Room & Board	*6,000*	☐	☐	Disability Costs	
☐	☒	Books & Supplies	*150*	☐	☐	Miscellaneous	
☐	☐	Transportation		☐	☐	Miscellaneous	

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs:	*1,825*	Ⓐ
TOTAL Noninst. Costs:	*6,150*	Ⓑ
TOTAL Aid Paid to Inst. Costs:	*0*	Ⓒ
TOTAL Paid to Inst. Costs:	*1,825*	Ⓓ
TOTAL Aid Paid as Cash:	*1,260*	Ⓔ

3. Payments/Disbursements

(Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student
9/2	*student cash*	*1,825*					
9/15	*Direct Unsub. Staff*		*1,260*				

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.) ☐ YES ☒ NO

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period. ☒ YES ☐ NO

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round **DOWN** to the nearest 10%.

For credit-hour programs:

$\frac{\text{WEEKS REMAINING}}{\text{TOTAL WEEKS}}$ = ____ = ____%

For clock-hour programs:*

$\frac{\text{HOURS REMAINING}}{\text{TOTAL HOURS}}$ = ____ = ____%

For correspondence programs:

$\frac{\text{LESSONS NOT SUBMITTED}}{\text{TOTAL LESSONS}}$ = ____ = ____%

*Excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

Administrative Fee (up to $100 or 5%, whichever is less)	+	*0*
Documented Cost of Unreturnable Equipment	+	*0*
Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal)	+	*0*
TOTAL EXCLUDABLE INSTITUTIONAL COSTS (for Pro Rata and Federal Refund calculations only)	=	*0*

1,825	-	*0*	=	*1,825*
Total Inst. Costs Ⓐ		**Total Excludable Inst. Costs**		**Pro Rata/Federal Refund Institutional Costs** Ⓐ1

REFUND CALCULATION WORKSHEET

Institutional

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	1,825	Total Institutional Costs (from Withdrawal Record)	Ⓐ
-	*0*	Total Aid Paid to Inst. Costs* (also from Withdrawal Record)	Ⓒ
=	*1,825*	**Scheduled Cash Payment (SCP)** (attribution not allowable)	
-	*1,825*	Student's Cash Paid (from Withdrawal Record)	
=	*0*	**UNPAID CHARGES**	

STEP TWO

Amount Retained

*Use the percentage specified by the State, accrediting agency, Federal Refund Calculation, or institutional refund policy being used for this calculation. For first-time students who withdraw on or before the 60% point in the enrollment period (see Withdrawal Record for details), a statutory *pro rata* refund must also be calculated. For every student receiving SFA funds, the school must compare the possible refunds and use the calculation that provides the largest refund.

	1,825	Total Institutional Costs (from Withdrawal Record)	Ⓐ
X	*20%*	% Allowed to Retain* (from refund policy being used)	
=	*365*	**Initial Amount Retained By The School**	
-	*0*	UNPAID CHARGES (from Step One)	
=	*365*	**AMOUNT RETAINED**	

If this amount is zero or negative, all SFA paid to school charges must be returned (exc. FWS).

STEP THREE

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	1,825	Total Paid to Institutional Costs (from Withdrawal Record)	Ⓓ
-	*365*	Amount Retained (from Step Two)	
=	*1,460*	**REFUND AMOUNT TO BE DISTRIBUTED**	

REFUND DISTRIBUTION — Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Federal Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

FEDERAL REFUND CALCULATION WORKSHEET

STEP ONE*

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	1,825	Total Institutional Costs (from Withdrawal Record)	Ⓐ
-	*0*	Total Aid Paid to Inst. Costs* (also from Withdrawal Record)	Ⓒ
=	*1,825*	**Scheduled Cash Payment (SCP)** (attribution not allowable)	
-	*1,825*	Student's Cash Paid (from Withdrawal Record)	
=	*0*	**UNPAID CHARGES**	

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	1,825	Federal Refund Calculation Inst. Costs (from Withdrawal Record)	A1
X	*90%*	% to be Refunded (from the regulatory policy)	
=	*1,643*	**REFUND AMOUNT TO BE DISTRIBUTED**	

*NOTE: Because calculating a Federal Refund in this manner does not show the amount retained by the school, the subtraction of unpaid charges from that amount is also not shown. However, the unpaid charges amount must still be calculated for the student because the refund process may result in the school not keeping the full amount it is allowed to retain under the Federal Refund Policy. In such a case, the school may collect the remaining balance from the student (the unpaid charges amount).

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND *1,643*

1. Federal SLS Loan	
2. Unsubsidized Federal Stafford Loan	
3. Subsidized Federal Stafford Loan	
4. Federal PLUS Loan	
5. Unsubsidized Federal Direct Stafford Loan	*1,260*
6. Subsidized Federal Direct Stafford Loan	
7. Federal Direct PLUS Loan	
8. Perkins Loan	
9. Federal Pell Grant	
10. FSEOG	
11. Other Title IV Aid Programs	
12. Other Federal, State, private, or institutional aid	
13. The student	*383*

Case Study 3

Cedar Lake College

- **First-year student**
- **Aid does not cover institutional charges**

Objective

To illustrate the determination of the withdrawal date, calculation of institutional charges, and the treatment of the scheduled cash payment.

School Information

Cedar Lake College:

- Term-based, four-year, private college
- Measures progress in credit hours
- AY consists of two 15-week semesters

Refund Policy

Institutional Refund Policy

If the student withdraws:	The school retains:
Before classes	0
First week	10%
Second week	25%
Third week	50%
Fourth week	75%
After fourth week	100%

For all students who withdraw, the college excludes from the refund calculation an administrative fee of the lesser of $100 or 5% of institutional charges. This fee is identified and explained in the school's refund policy.

State Refund Policy

No state refund policy exists.

Case Study 3: Cedar Lake College (cont'd)

Repayment Policy

For students who begin classes, 50% of the books and supplies allowance is considered to be expended. Other living expenses are determined on a case-by-case basis and are calculated using the documentation the student provides for noninstitutional costs.

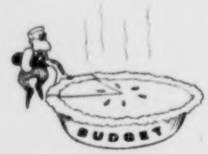
Student Information

- Calvin is a new student attending his first year at the school.
- He enrolls for 17 semester hours for the first semester and starts classes on September 8.
- On October 17 (the sixth week) after completing the last of several exams, Calvin decides to withdraw from the college.
- The following Monday, October 20, Calvin informs the Dean that he is withdrawing from the college.

Program Costs

Costs for each semester:

Tuition	$2,750
Fees	$25
Books and supplies allowance	$150
Room	$1,800
Board	$1,570
Transportation allowance	$125
Personal expenses	$200



Aid Awarded

For the academic year:

Federal Stafford Loan (total amount approved)	$2,625
Federal Pell Grant	$700
FSEOG	$1,200
FWS	$2,500
Cedar Lake College Scholarship	$2,300
State scholarship (does not include SSIG)	$1,500

Case Study 3: Cedar Lake College (cont'd)

Aid Disbursed for the Payment Period

Federal Stafford Loan	$1,260
Federal Pell Grant	$350
FSEOG	$600
Cedar Lake College Scholarship	$1,150
State scholarship (does not include SSIG)	$750

The Federal Stafford Loan is scheduled to be disbursed in two equal installments of $1,260 (i.e., half of the total amount approved minus the origination fee and insurance premium). The first installment is scheduled for October 8, and the second at the beginning of the second semester.

Calvin made an initial cash payment of $1,000 when he began classes. He chose to purchase his books at the school's bookstore, and the school allowed him to charge them to his account. On October 3 he completely paid off his bookstore charge with money from his FWS wages.

Task

- Calculate the amount of refund and repayment, if any.

WITHDRAWAL RECORD

1. Student Information

Name ____________ Start Date ____________ Withdrawal Date/LDA ____________

Social Security Number ____________ Length of Enrollment Period ____________ Date of WD/LDA Determination ____________

2. Program Costs

inst.	non-inst.		inst.	non-inst.	
☐	☐	Tuition/Fees ________	☐	☐	Personal/Living ________
☐	☐	Administrative Fee ________	☐	☐	Dependent Care ________
☐	☐	Room & Board ________	☐	☐	Disability Costs ________
☐	☐	Books & Supplies ________	☐	☐	Miscellaneous ________
☐	☐	Transportation ________	☐	☐	Miscellaneous ________

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs: ☐ Ⓐ

TOTAL Noninst. Costs: ☐ Ⓑ

TOTAL Aid Paid to Inst. Costs: ☐ Ⓒ

TOTAL Paid to Inst. Costs: ☐ Ⓓ

TOTAL Aid Paid as Cash: ☐ Ⓔ

3. Payments/Disbursements

(Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.) ☐ YES ☐ NO

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period. ☐ YES ☐ NO

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round **DOWN** to the nearest 10%.

For credit-hour programs:
$$\frac{\text{WEEKS REMAINING}}{\text{TOTAL WEEKS}} = \_\_\_\_ = \_\_\_\%$$

For clock-hour programs:*
$$\frac{\text{HOURS REMAINING}}{\text{TOTAL HOURS}} = \_\_\_\_ = \_\_\_\%$$

For correspondence programs:
$$\frac{\text{LESSONS NOT SUBMITTED}}{\text{TOTAL LESSONS}} = \_\_\_\_ = \_\_\_\%$$

*Excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

Administrative Fee (up to $100 or 5%, whichever is less) ________ + ________

Documented Cost of Unreturnable Equipment ________ + ________

Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal) ________ + ________

TOTAL EXCLUDABLE INSTITUTIONAL COSTS ________ = ________
(for Pro Rata and Federal Refund calculations only)

________ − ________ = ☐ (A1)
Total Inst. Costs Ⓐ **Total Excludable Inst. Costs** **Pro Rata/Federal Refund Institutional Costs**

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PRO RATA REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	Total Institutional Costs (from Withdrawal Record)	Ⓐ
-	Total Aid Paid to Inst. Costs* (also from Withdrawal Record)	Ⓒ
=	**Student's Scheduled Cash Payment (SCP)**	
-	Student's Cash Paid (from Withdrawal Record)	
=	**UNPAID CHARGES**	

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	Pro Rata Institutional Costs (from Withdrawal Record)	(A1)
X	% to be Refunded (from the Portion That Remains)	
=	**Initial Refund Amount**	
-	UNPAID CHARGES (from Step One)	
=	**ACTUAL REFUND TO BE DISTRIBUTED**	

If this amount is negative, the school may bill the student for that amount. No refund is due.

REFUND DISTRIBUTION Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Federal Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

Case Study 3 Solution

Cedar Lake College

Important Points

- The date that Calvin notified the school of his withdrawal was October 20; however, Calvin's last date of attendance was October 17.
- Although the school allowed Calvin to charge his books to his account, he was not required to purchase them from the school. Therefore, his book charge is not considered to be an institutional charge for refund purposes. It is considered a noninstitutional cost.
- Calvin withdrew after completing 40% of the period of enrollment for which he was charged (i.e., 6 weeks divided by 15 weeks). Because he was attending the school for the first-time and withdrew before completing 60% of the enrollment period for which he was charged, Pro Rata refund requirements apply. Because there is no ED-approved accrediting agency or state refund policy, the Pro Rata refund is the only refund calculation which the school must perform.
- The maximum amount of administrative fee that the school may exclude from institutional charges is $100.
- Only $1,000 of Calvin's $2,035 scheduled cash payment had been paid at the time of his withdrawal. The $1,035 remaining in unpaid charges is subtracted from the initial amount of refund calculated.
- No repayment calculation is required because the only aid disbursed directly to Calvin were his FWS wages and FWS funds are excluded from the repayment calculation.
- The portion of the period of enrollment for which Calvin was charged that remains after his withdrawal is 60% (i.e., 9 weeks divided by 15 weeks, rounded down to the nearest 10%).

WITHDRAWAL RECORD

1. Student Information

Calvin	*9/8*	*10/17*
Name	Start Date	Withdrawal Date/LDA
	15-week semester	*10/20*
Social Security Number	Length of Enrollment Period	Date of WD/LDA Determination

2. Program Costs

inst.	non-inst.			inst.	non-inst.		
☒	☐	Tuition/Fees	*2,775*	☐	☒	Personal/Living	*200*
☐	☐	Administrative Fee		☐	☐	Dependent Care	
☒	☐	Room & Board	*3,370*	☐	☐	Disability Costs	
☐	☒	Books & Supplies	*150*	☐	☐	Miscellaneous	
☐	☒	Transportation	*125*	☐	☐	Miscellaneous	

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs:	*6,145*	Ⓐ
TOTAL Noninst. Costs:	*475*	Ⓑ
TOTAL Aid Paid to Inst. Costs:	*4,110*	Ⓒ
TOTAL Paid to Inst. Costs:	*5,110*	Ⓓ
TOTAL Aid Paid as Cash:	*0*	Ⓔ

3. Payments Disbursements

(Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student
10/8	*Federal Staff.*	*1,260*		*9/8*	*cash payment*	*1,000*	
9/8	*Federal Pell*	*350*					
9/8	*Federal SEOG*	*600*					
9/8	*Inst. Schp.*	*1,150*					
9/8	*State Schp.*	*750*					

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.)

☒ YES ☐ NO

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period.

☒ YES ☐ NO

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round **DOWN** to the nearest 10%.

For credit-hour programs:

WEEKS REMAINING / TOTAL WEEKS = *9* / *15* = *60* %

For clock-hour programs:*

HOURS REMAINING / TOTAL HOURS = ____ = ___%

For correspondence programs:

LESSONS NOT SUBMITTED / TOTAL LESSONS = ____ = ___%

*Excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

Administrative Fee (up to $100 or 5%, whichever is less)	+	*100*
Documented Cost of Unreturnable Equipment	+	*0*
Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal)	+	*0*
TOTAL EXCLUDABLE INSTITUTIONAL COSTS (for Pro Rata and Federal Refund calculations only)	=	*100*

6,145 **Total Inst. Costs** Ⓐ − *100* **Total Excludable Inst. Costs** = **Pro Rata/Federal Refund Institutional Costs** *6,045* (A1)

PRO RATA REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

•Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	6,145	Total Institutional Costs (from Withdrawal Record)	Ⓐ
-	*4,110*	Total Aid Paid to Inst. Costs* (also from Withdrawal Record)	Ⓒ
=	*2,035*	**Student's Scheduled Cash Payment (SCP)**	
-	*1,000*	Student's Cash Paid (from Withdrawal Record)	
=	*1,035*	**UNPAID CHARGES**	

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	6,045	Pro Rata Institutional Costs (from Withdrawal Record)	(A1)
X	*60%*	% to be Refunded (from the Portion That Remains)	
=	*3,627*	**Initial Refund Amount**	
-	*1,035*	UNPAID CHARGES (from Step One)	
=	*2,592*	**ACTUAL REFUND TO BE DISTRIBUTED**	

If this amount is negative, the school may bill the student for that amount. No refund is due

REFUND DISTRIBUTION — Prescribed by Law and Regulation

TOTAL REFUND *2,592*

1. Federal SLS Loan	
2. Unsubsidized Federal Stafford Loan	
3. Subsidized Federal Stafford Loan	*1,260*
4. Federal PLUS Loan	
5. Unsubsidized Federal Direct Stafford Loan	
6. Subsidized Federal Direct Stafford Loan	
7. Federal Direct PLUS Loan	
8. Federal Perkins Loan	
9. Federal Pell Grant	*350*
10. FSEOG	*600*
11. Other Title IV Aid Programs	
12. Other Federal, State, private, or institutional aid	*382*
13. The student	

Case Study 4

Datsun Institute

- **Withdrawal during first payment period**
- **Aid does not cover institutional charges**

Objective

To illustrate the determination of the period of enrollment for which the student was charged, the calculation of institutional charges, and the treatment of the scheduled cash payment.

School Information

Datsun Institute:

- Nonterm, clock-hour programs of varying lengths
- A 900 clock-hour program takes 30 weeks to complete, and is divided into two 450-clock-hour payment periods
- School charges tuition, fees, and required books and supplies for the entire program at the time of enrollment

Refund Policy

Institutional Refund Policy

If the number of clock hours student completes:	The school retains:
Less than 10%	10%
10-19%	25%
20-29%	35%
30-39%	50%
40-49%	75%
50% or more	100%

For all students who withdraw, the school excludes from the refund calculation an administrative fee of the lesser of 5% of institutional charges or $100. This fee is identified and explained in the student's enrollment agreement. The school will exclude the student's charges for the required books if the student does not return them within 20 days of his or her withdrawal or does not return them in good condition.

State Refund Policy

229

No state refund policy exists.

Case Study 4: Datsun Institute (cont'd)

Repayment Policy

Living expenses are determined on a case-by-case basis and are calculated using the documentation the student provides for noninstitutional costs incurred.

Student Information

- Diane is attending the school for the first-time.
- On January 5, Diane starts classes in a 900-clock-hour program.
- Diane withdraws from the program on February 20 after completing 210 clock hours (the seventh week of classes).
- At the time of her withdrawal, Diane returns the books she was required to purchase from the school for the program in good condition.

Program Costs

Costs for the program:

Tuition	$2,500
Fees	$15
Required books	$250
Required equipment	$150
School's allowance for off-campus living expenses	$5,000

The charges for the required books and equipment are specified in the student's enrollment agreement. This agreement also states that books may be returned under the conditions specified in the agreement, and that equipment is unreturnable. The cost to the school for the books is $225 and $135 for the equipment.

Aid Awarded

For the academic year:

Direct Subsidized Stafford Loan (total amount approved)	$2,625
Federal Pell Grant	$400

Case Study 4: Datsun Institute (cont'd)

Aid Disbursed for the Payment Period

Direct Subsidized Stafford Loan	$1,260
Federal Pell Grant	$200

The Direct Subsidized Stafford Loan is scheduled to be disbursed in two equal installments of $1,260 (i.e., half of the total amount approved minus the origination fee.) The first installment is scheduled for February 5, and the second installment at the beginning of the second payment period.

Task

- Calculate the amount of refund and repayment, if any.

WITHDRAWAL RECORD

1. Student Information

Name ______ Start Date ______ Withdrawal Date/LDA ______

Social Security Number ______ Length of Enrollment Period ______ Date of WD/LDA Determination ______

2. Program Costs

inst.	non-inst.		inst.	non-inst.	
☐	☐	Tuition/Fees ______	☐	☐	Personal/Living ______
☐	☐	Administrative Fee ______	☐	☐	Dependent Care ______
☐	☐	Room & Board ______	☐	☐	Disability Costs ______
☐	☐	Books & Supplies ______	☐	☐	Miscellaneous ______
☐	☐	Transportation ______	☐	☐	Miscellaneous ______

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs ☐ Ⓐ

TOTAL Noninst. Costs ☐ Ⓑ

TOTAL Aid Paid to Inst. Costs ☐ Ⓒ

TOTAL Paid to Inst. Costs ☐ Ⓓ

TOTAL Aid Paid as Cash ☐ Ⓔ

3. Payments/Disbursements

(Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.) ☐ YES ☐ NO

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period. ☐ YES ☐ NO

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round **DOWN** to the nearest 10%.

For credit-hour programs:

$$\frac{\textbf{WEEKS REMAINING}}{\textbf{TOTAL WEEKS}} = \_\_\_\_ = \_\_\_\%$$

For clock-hour programs:*

$$\frac{\textbf{HOURS REMAINING}}{\textbf{TOTAL HOURS}} = \_\_\_\_ = \_\_\_\%$$

For correspondence programs:

$$\frac{\textbf{LESSONS NOT SUBMITTED}}{\textbf{TOTAL LESSONS}} = \_\_\_\_ = \_\_\_\%$$

*Excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

Administrative Fee (up to $100 or 5%, whichever is less) ______ +

Documented Cost of Unreturnable Equipment ______ +

Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal) ______ +

TOTAL EXCLUDABLE INSTITUTIONAL COSTS ______ =

(for Pro Rata and Federal Refund calculations only)

______ − ______ = ☐ **A1**

Total Inst. Costs Ⓐ **Total Excludable Inst. Costs** **Pro Rata/Federal Refund Institutional Costs**

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PRO RATA REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

Total Institutional Costs (from Withdrawal Record) Ⓐ

- Total Aid Paid to Inst. Costs* Ⓒ (also from Withdrawal Record)

= **Student's Scheduled Cash Payment (SCP)**

- Student's Cash Paid (from Withdrawal Record)

= **UNPAID CHARGES**

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

Pro Rata Institutional Costs (from Withdrawal Record) (A1)

X % to be Refunded (from the Portion That Remains)

= **Initial Refund Amount**

- UNPAID CHARGES (from Step One)

= **ACTUAL REFUND TO BE DISTRIBUTED**

If this amount is negative, the school may bill the student for that amount. No refund is due.

REFUND DISTRIBUTION — Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Federal Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

Case Study 4 Solution

Datsun Institute

Important Points

- Because the college charges for tuition and fees for the entire program at the time of the student's enrollment, the entire length of the 900-clock-hour program is the period of enrollment for which Diane was charged.
- Institutional charges include Diane's costs for the required books and equipment. However, the school may exclude its costs for the equipment as well as the administrative fee from the refund calculation. (Note the excluded amount is the documented cost to the school for the equipment, not the amount the school charged the student for the equipment.) Because Diane returned the books she purchased for the program at the time of her withdrawal, the school may not exclude its costs for the books from the refund calculation.
- Diane withdrew after completing 23% of the period of enrollment for which she was charged (i.e., 210 clock hours divided by 900 clock hours). Because she was attending the school for the first time and withdrew before completing at least 60% of the enrollment period, Pro Rata refund requirements apply. Because there is no ED-approved accrediting agency or state refund policy, the Pro Rata refund calculation is the only refund calculation which the school must perform.
- The portion of the period of enrollment for which Diane was charged that remains after Diane's withdrawal is 70% (i.e., 690 clock hours divided by 900 clock hours, rounded down to the nearest 10%).
- The total amount of Diane's unpaid charges (i.e., $1,455) is deducted from the initial amount of refund.
- No repayment calculation is required because no aid was disbursed directly to Diane.

WITHDRAWAL RECORD

1. Student Information

Diane	*1/5*	*2/20*
Name	Start Date	Withdrawal Date/LDA
	900 clock hours, 30 weeks	*2/20*
Social Security Number	Length of Enrollment Period	Date of WD/LDA Determination

2. Program Costs

inst.	non-inst.			inst.	non-inst.		
☒	☐	Tuition/Fees	*2,515*	☐	☐	Personal/Living	
☐	☐	Administrative Fee		☐	☐	Dependent Care	
☐	☒	Room & Board	*5,000*	☐	☐	Disability Costs	
☒	☐	Books & Supplies	*400*	☐	☐	Miscellaneous	
☐	☐	Transportation		☐	☐	Miscellaneous	

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs:	*2,915*	Ⓐ
TOTAL Noninst. Costs:	*5,000*	Ⓑ
TOTAL Aid Paid to Inst. Costs:	*1,460*	Ⓒ
TOTAL Paid to Inst. Costs:	*1,460*	Ⓓ
TOTAL Aid Paid as Cash:	*0*	Ⓔ

3. Payments/Disbursements

(Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student
2/5	*Direct Sub. Staff.*	*1,260*					
1/5	*Federal Pell*	*200*					

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.) ☒ YES ☐ NO

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period. ☒ YES ☐ NO

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round **DOWN** to the nearest 10%.

For credit-hour programs:

WEEKS REMAINING / TOTAL WEEKS = ____ = ____%

For clock-hour programs:*

HOURS REMAINING / TOTAL HOURS = *690 / 900* = *70* %

For correspondence programs:

LESSONS NOT SUBMITTED / TOTAL LESSONS = ____ = ____%

*Excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

Administrative Fee (up to $100 or 5%, whichever is less)	+	*100*
Documented Cost of Unreturnable Equipment	+	*135*
Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal)	+	*0*
TOTAL EXCLUDABLE INSTITUTIONAL COSTS (for Pro Rata and Federal Refund calculations only)	=	*235*

2,915 (**Total Inst. Costs** Ⓐ) − *235* (**Total Excludable Inst. Costs**) = *2,680* Ⓐ1 (**Pro Rata/Federal Refund Institutional Costs**)

BEST COPY AVAILABLE

PRO RATA REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	2,915	Total Institutional Costs (from Withdrawal Record)	Ⓐ
-	*1,460*	Total Aid Paid to Inst. Costs* (also from Withdrawal Record)	Ⓒ
=	*1,455*	**Student's Scheduled Cash Payment (SCP)**	
-	*0*	Student's Cash Paid (from Withdrawal Record)	
=	*1,455*	**UNPAID CHARGES**	

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	2,680	Pro Rata Institutional Costs (from Withdrawal Record)	(A1)
X	*70%*	% to be Refunded (from the Portion That Remains)	
=	*1,876*	**Initial Refund Amount**	
-	*1,455*	UNPAID CHARGES (from Step One)	
=	*421*	**ACTUAL REFUND TO BE DISTRIBUTED**	

If this amount is negative, the school may bill the student for that amount. No refund is due.

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND *421*

1. Federal SLS Loan
2. Unsubsidized Federal Stafford Loan
3. Subsidized Federal Stafford Loan
4. Federal PLUS Loan
5. Unsubsidized Federal Direct Stafford Loan
6. Subsidized Federal Direct Stafford Loan *421*
7. Federal Direct PLUS Loan
8. Federal Perkins Loan
9. Federal Pell Grant
10. FSEOG
11. Other Title IV Aid Programs
12. Other Federal, State, private, or institutional aid
13. The student

Case Study 5

Eagle Point State University

- **Third-year student**
- **Aid does not cover institutional charges**

Objective

To illustrate the calculation of institutional charges and the treatment of the scheduled cash payment.

School Information

Eagle Point State University:

- Term-based, four-year, public university
- Measures progress in credit hours
- AY consists of two 15-week semesters

Refund Policy

Institutional Refund Policy

If the student withdraws:	The school retains:
Before classes start	0%
First week	10%
Second week	30%
Third week	50%
Fourth week	70%
After fourth week	100%

The school does not exclude any administrative fee for withdrawals.

State Refund Policy

No state refund policy exists.

Case Study 5: Eagle Point State University (cont'd)

Repayment Policy

For students who begin classes, 50% of the books and supplies allowance is considered to be expended. Other living expenses are determined on a case-by-case basis and are calculated using the documentation the student provides for noninstitutional costs incurred.

Student Information

- Ed is attending his third year at the school.
- Ed enrolls for 15 semester hours for the spring semester and starts classes on January 12.
- After attending class on January 22 (the second week), Ed officially withdraws from the university.

Program Costs

Costs for each semester:

Tuition	$1,560
Fees	$40
Books and supplies allowance	$200
Room	$1,230
Board	$950
Transportation allowance	$80
Personal expenses	$250

Aid Awarded

For the academic year:

Federal Stafford Loan (total amount approved)	$4,000
Federal Pell Grant	$800
FSEOG	$600
FWS	$1,000
State scholarship (does not include SSIG)	$500

Case Study 5: Eagle Point State University (cont'd)

Aid Disbursed for the Payment Period

Federal Stafford Loan	$1,920
Federal Pell Grant	$400
FSEOG	$300
State Scholarship (does not include SSIG)	$250

The Federal Stafford Loan is scheduled to be disbursed in two equal installments of $1,920 (i.e., half of the total amount approved minus the origination fee and insurance premium) at the beginning of each semester.

Ed made an initial cash payment of $200 when he began classes spring semester. He purchased his books from a bookstore off-campus.

Task

- Calculate the amount of refund and repayment, if any.

WITHDRAWAL RECORD

1. Student Information

Name ____ Start Date ____ Withdrawal Date/LDA ____

Social Security Number ____ Length of Enrollment Period ____ Date of WD/LDA Determination ____

2. Program Costs

inst.	non-inst.			inst.	non-inst.		
☐	☐	Tuition/Fees	____	☐	☐	Personal/Living	____
☐	☐	Administrative Fee	____	☐	☐	Dependent Care	____
☐	☐	Room & Board	____	☐	☐	Disability Costs	____
☐	☐	Books & Supplies	____	☐	☐	Miscellaneous	____
☐	☐	Transportation	____	☐	☐	Miscellaneous	____

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs: ☐ Ⓐ

TOTAL Noninst. Costs: ☐ Ⓑ

TOTAL Aid Paid to Inst. Costs: ☐ Ⓒ

TOTAL Paid to Inst. Costs: ☐ Ⓓ

TOTAL Aid Paid as Cash: ☐ Ⓔ

3. Payments/Disbursements

(Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.) ☐ YES ☐ NO

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period. ☐ YES ☐ NO

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round **DOWN** to the nearest 10%.

For credit-hour programs:

$\frac{\text{WEEKS REMAINING}}{\text{TOTAL WEEKS}} = \_\_\_\_ = \_\_\_\%$

For clock-hour programs:*

$\frac{\text{HOURS REMAINING}}{\text{TOTAL HOURS}} = \_\_\_\_ = \_\_\_\%$

For correspondence programs:

$\frac{\text{LESSONS NOT SUBMITTED}}{\text{TOTAL LESSONS}} = \_\_\_\_ = \_\_\_\%$

*Excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

Administrative Fee (up to $100 or 5%, whichever is less) ____ + ____

Documented Cost of Unreturnable Equipment ____ + ____

Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal) ____ + ____

TOTAL EXCLUDABLE INSTITUTIONAL COSTS ____ = ____

(for Pro Rata and Federal Refund calculations only)

____ **Total Inst. Costs** Ⓐ − ____ **Total Excludable Inst. Costs** = **Pro Rata/Federal Refund Institutional Costs** ☐ A1

REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

Total Institutional Costs (from Withdrawal Record) Ⓐ

- Total Aid Paid to Inst. Costs* (also from Withdrawal Record) Ⓒ

= **Scheduled Cash Payment (SCP)** (attribution not allowable)

- Student's Cash Paid (from Withdrawal Record)

= **UNPAID CHARGES**

STEP TWO

Amount Retained

*Use the percentage specified by the State, accrediting agency, Federal Refund Calculation, or institutional refund policy being used for this calculation. For first-time students who withdraw on or before the 60% point in the enrollment period (see Withdrawal Record for details), a statutory *pro rata* refund must also be calculated. For every student receiving SFA funds, the school must compare the possible refunds and use the calculation that provides the largest refund.

Total Institutional Costs (from Withdrawal Record) Ⓐ

X % Allowed to Retain* (from refund policy being used)

= **Initial Amount Retained By The School**

- UNPAID CHARGES (from Step One)

= **AMOUNT RETAINED**

If this amount is zero or negative, all SFA paid to school charges must be returned (exc FWS)

STEP THREE

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

Total Paid to Institutional Costs (from Withdrawal Record) Ⓓ

- Amount Retained (from Step Two)

= **REFUND AMOUNT TO BE DISTRIBUTED**

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Federal Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

FEDERAL REFUND CALCULATION WORKSHEET

STEP ONE*

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

Total Institutional Costs (from Withdrawal Record) Ⓐ

- Total Aid Paid to Inst. Costs* (also from Withdrawal Record) Ⓒ

= **Scheduled Cash Payment (SCP)** (attribution not allowable)

- Student's Cash Paid (from Withdrawal Record)

= **UNPAID CHARGES**

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

Federal Refund Calculation Inst. Costs (from Withdrawal Record) (A1)

X % to be Refunded (from the regulatory policy)

= **REFUND AMOUNT TO BE DISTRIBUTED**

***NOTE:** Because calculating a Federal Refund in this manner does not show the amount retained by the school, the subtraction of unpaid charges from that amount is also not shown. However, the unpaid charges amount must still be calculated for the student because the refund process may result in the school not keeping the full amount it is allowed to retain under the Federal Refund Policy. In such a case, the school may collect the remaining balance from the student (the unpaid charges amount).

REFUND DISTRIBUTION — Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

Case Study 5 Solution

Eagle Point State University

Important Points

- The withdrawal date is January 22, the last date that Ed attended classes.
- Because Ed is not attending the school for the first time, Pro Rata refund requirements do not apply. Because there is no state or approved accrediting agency refund policy, the school must calculate and compare the amount of refund that would be due under the school's refund policy and the Federal Refund Policy, and pay an amount that is at least as large as the larger of the refunds calculated.
- Ed withdrew after completing 13% of the period of enrollment for which he was charged (i.e., 2 weeks divided by 15 weeks), which is after the first 10% but before the first 25% of the enrollment period.
- Only $200 of Ed's scheduled cash payment had been made at the time of his withdrawal. The $710 remaining in unpaid charges is subtracted from the amount of charges the school may retain.
- No repayment calculation is required because no aid was disbursed directly to Ed.

WITHDRAWAL RECORD

1. Student Information

Name: *Ed*

Start Date: *1/12*

Withdrawal Date/LDA: *1/22*

Social Security Number:

Length of Enrollment Period: *15-week semester*

Date of WD/LDA Determination: *1/22*

2. Program Costs

inst.	non-inst.			inst.	non-inst.		
☒	☐	Tuition/Fees	1,600	☐	☒	Personal/Living	250
☐	☐	Administrative Fee		☐	☐	Dependent Care	
☒	☐	Room & Board	2,180	☐	☐	Disability Costs	
☐	☒	Books & Supplies	200	☐	☐	Miscellaneous	
☐	☒	Transportation	80	☐	☐	Miscellaneous	

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs: 3,780 Ⓐ

TOTAL Noninst. Costs: 530 Ⓑ

TOTAL Aid Paid to Inst. Costs: 2,870 Ⓒ

TOTAL Paid to Inst. Costs: 3,070 Ⓓ

TOTAL Aid Paid as Cash: 0 Ⓔ

3. Payments/Disbursements

(Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student
1/12	*Federal Stafford*	*1,920*					
1/12	*Federal Pell*	*400*					
1/12	*FSEOG*	*300*					
1/12	*State Schol.*	*250*					
1/12	*Student cash*	*200*					

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.)

☐ YES ☒ NO

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period.

☒ YES ☐ NO

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round **DOWN** to the nearest 10%.

For credit-hour programs:

$\frac{\text{WEEKS REMAINING}}{\text{TOTAL WEEKS}}$ = ____ = ___%

For clock-hour programs:*

$\frac{\text{HOURS REMAINING}}{\text{TOTAL HOURS}}$ = ____ = ___%

For correspondence programs:

$\frac{\text{LESSONS NOT SUBMITTED}}{\text{TOTAL LESSONS}}$ = ____ = ___%

*Excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

Administrative Fee (up to $100 or 5%, whichever is less) + 0

Documented Cost of Unreturnable Equipment + 0

Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal) + 0

TOTAL EXCLUDABLE INSTITUTIONAL COSTS = 0

(for Pro Rata and Federal Refund calculations only)

3,780 (Total Inst. Costs Ⓐ) − 0 (Total Excludable Inst. Costs) = 3,780 (Pro Rata/Federal Refund Institutional Costs Ⓐ1)

REFUND CALCULATION WORKSHEET

Institutional

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	3,780	Total Institutional Costs (from Withdrawal Record)	Ⓐ
-	*2,870*	Total Aid Paid to Inst. Costs* (also from Withdrawal Record)	Ⓒ
=	*910*	**Scheduled Cash Payment (SCP)** (attribution not allowable)	
-	*200*	Student's Cash Paid (from Withdrawal Record)	
=	*710*	**UNPAID CHARGES**	

STEP TWO

Amount Retained

*Use the percentage specified by the State, accrediting agency, Federal Refund Calculation, or institutional refund policy being used for this calculation. For first-time students who withdraw on or before the 60% point in the enrollment period (see Withdrawal Record for details), a statutory *pro rata* refund must also be calculated. For every student receiving SFA funds, the school must compare the possible refunds and use the calculation that provides the largest refund.

	3,780	Total Institutional Costs (from Withdrawal Record)	Ⓐ
X	*30%*	% Allowed to Retain* (from refund policy being used)	
=	*1,134*	**Initial Amount Retained By The School**	
-	*710*	UNPAID CHARGES (from Step One)	
=	*424*	**AMOUNT RETAINED**	

If this amount is zero or negative, all SFA paid to school charges must be returned (exc. FWS).

STEP THREE

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	3,070	Total Paid to Institutional Costs (from Withdrawal Record)	Ⓓ
-	*424*	Amount Retained (from Step Two)	
=	*2,646*	**REFUND AMOUNT TO BE DISTRIBUTED**	

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND *2,646*

1. Federal SLS Loan	
2. Unsubsidized Federal Stafford Loan	
3. Subsidized Federal Stafford Loan	*1,920*
4. Federal PLUS Loan	
5. Unsubsidized Federal Direct Stafford Loan	
6. Subsidized Federal Direct Stafford Loan	
7. Federal Direct PLUS Loan	
8. Federal Perkins Loan	
9. Federal Pell Grant	*400*
10. FSEOG	*300*
11. Other Title IV Aid Programs	
12. Other Federal, State, private, or institutional aid	*26*
13. The student	

FEDERAL REFUND CALCULATION WORKSHEET

STEP ONE*

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	3,780	Total Institutional Costs (from Withdrawal Record) Ⓐ
-	*2,870*	Total Aid Paid to Inst. Costs* (also from Withdrawal Record) Ⓒ
=	*910*	**Scheduled Cash Payment (SCP)** (attribution not allowable)
-	*200*	Student's Cash Paid (from Withdrawal Record)
=	*710*	**UNPAID CHARGES**

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	3,780	Federal Refund Calculation Inst. Costs (from Withdrawal Record) (A1)
X	*50%*	% to be Refunded (from the regulatory policy)
=	*1,890*	**REFUND AMOUNT TO BE DISTRIBUTED**

***NOTE:** Because calculating a Federal Refund in this manner does not show the amount retained by the school, the subtraction of unpaid charges from that amount is also not shown. However, the unpaid charges amount must still be calculated for the student because the refund process may result in the school not keeping the full amount it is allowed to retain under the Federal Refund Policy. In such a case, the school may collect the remaining balance from the student (the unpaid charges amount).

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

Case Study 6

Fishburn Institute

- **School charges by entire program**
- **Aid does not cover institutional charges**

Objective

To illustrate the determination of the period of enrollment for which the student was charged, the calculation of institutional charges, and the treatment of the scheduled cash payment.

School Information

Fishburn Institute:

- Nonterm, clock-hour programs of varying lengths
- A 900-clock-hour program takes 30 weeks to complete, and is divided into two 450-clock-hour payment periods
- School charges tuition, and fees, for the entire program at the time of enrollment

Refund Policy

Institutional Refund Policy

If the number of clock hours student withdraws:	The school retains:
Less than 10%	10%
10-19%	30%
20-29%	50%
30-39%	70%
40-49%	90%
50% or more	100%

The school does not charge any administrative fee for students who withdraw.

State Refund Policy

No state refund policy exists.

Case Study 6: Fishburn Institute (cont'd)

Repayment Policy

Living expenses are prorated based on the number of weeks the student is enrolled.

Student Information

- Fran is an independent student who completed a 900-clock-hour program at the school in May.
- Because Fran financed the cost for the first program by borrowing under the Direct Loan Program her loan for the second program is not subject to the delayed disbursement requirements.
- On July 7 she starts classes in a second 900-clock-hour program.
- After completing 369 clock hours, she officially withdraws from the school on September 24 (the twelfth week).

Program Costs

Costs for the program:

Tuition	$3,500
Fees	$50
Books and supplies allowance	$450
School's allowance for off-campus living expenses	$5,200

Aid Awarded

For the academic year:

Direct Subsidized Stafford Loan (total amount approved)	$2,625
Direct Unsubsidized Stafford Loan	$4,000
Federal Pell Grant	$400

Case Study 6: Fishburn Institute (cont'd)

Aid Disbursed for the Payment Period

Direct Subsidized Stafford Loan	$1,260
Direct Unsubsidized Stafford Loan	$1,920
Federal Pell Grant	$225

Each loan is scheduled to be disbursed in two equal installments (i.e., half of the total amount approved minus the origination fee) at the beginning of each payment period.

Task

- Calculate the amount of refund and repayment, if any.

WITHDRAWAL RECORD

1. Student Information

Name ______ Start Date ______ Withdrawal Date/LDA ______

Social Security Number ______ Length of Enrollment Period ______ Date of WD/LDA Determination ______

2. Program Costs

inst.	non-inst.		inst.	non-inst.	
☐	☐	Tuition/Fees ______	☐	☐	Personal/Living ______
☐	☐	Administrative Fee ______	☐	☐	Dependent Care ______
☐	☐	Room & Board ______	☐	☐	Disability Costs ______
☐	☐	Books & Supplies ______	☐	☐	Miscellaneous ______
☐	☐	Transportation ______	☐	☐	Miscellaneous ______

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs: ☐ Ⓐ

TOTAL Noninst. Costs: ☐ Ⓑ

TOTAL Aid Paid to Inst. Costs: ☐ Ⓒ

TOTAL Paid to Inst. Costs: ☐ Ⓓ

TOTAL Aid Paid as Cash: ☐ Ⓔ

3. Payments/Disbursements

(Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.) ☐ YES ☐ NO

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period. ☐ YES ☐ NO

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round **DOWN** to the nearest 10%.

For credit-hour programs:

$\frac{\text{WEEKS REMAINING}}{\text{TOTAL WEEKS}}$ ______ = ______ = ____%

For clock-hour programs:*

$\frac{\text{HOURS REMAINING}}{\text{TOTAL HOURS}}$ ______ = ______ = ____%

For correspondence programs:

$\frac{\text{LESSONS NOT SUBMITTED}}{\text{TOTAL LESSONS}}$ = ______ = ____%

*Excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

Administrative Fee (up to $100 or 5%, whichever is less) ______ +

Documented Cost of Unreturnable Equipment ______ +

Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal) ______ +

TOTAL EXCLUDABLE INSTITUTIONAL COSTS ______ =

(for Pro Rata and Federal Refund calculations only)

______ **Total Inst. Costs** Ⓐ − ______ **Total Excludable Inst. Costs** = **Pro Rata/Federal Refund Institutional Costs** ☐ A1

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FEDERAL REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

Total Institutional Costs (from Withdrawal Record) Ⓐ

- Total Aid Paid to Inst. Costs* (also from Withdrawal Record) Ⓒ

= **Scheduled Cash Payment (SCP)** (attribution not allowable)

- Student's Cash Paid (from Withdrawal Record)

= **UNPAID CHARGES**

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

Federal Refund Calculation Inst. Costs (from Withdrawal Record) (A1)

X % to be Refunded (from the regulatory policy)

= **REFUND AMOUNT TO BE DISTRIBUTED**

***NOTE:** Because calculating a Federal Refund in this manner does not show the amount retained by the school, the subtraction of unpaid charges from that amount is also not shown. However, the unpaid charges amount must still be calculated for the student because the refund process may result in the school not keeping the full amount it is allowed to retain under the Federal Refund Policy. In such a case, the school may collect the remaining balance from the student (the unpaid charges amount).

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

Total Institutional Costs (from Withdrawal Record) Ⓐ

- Total Aid Paid to Inst. Costs* (also from Withdrawal Record) Ⓒ

= **Scheduled Cash Payment (SCP)** (attribution not allowable)

- Student's Cash Paid (from Withdrawal Record)

= **UNPAID CHARGES**

STEP TWO

Amount Retained

*Use the percentage specified by the State, accrediting agency, Federal Refund Calculation, or institutional refund policy being used for this calculation. For first-time students who withdraw on or before the 60% point in the enrollment period (see Withdrawal Record for details), a statutory *pro rata* refund must also be calculated. For every student receiving SFA funds, the school must compare the possible refunds and use the calculation that provides the largest refund.

Total Institutional Costs (from Withdrawal Record) Ⓐ

X % Allowed to Retain* (from refund policy being used)

= **Initial Amount Retained By The School**

- UNPAID CHARGES (from Step One)

= **AMOUNT RETAINED**

If this amount is zero or negative, all SFA paid to school charges must be returned (exc. FWS).

STEP THREE

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

Total Paid to Institutional Costs (from Withdrawal Record) Ⓓ

- Amount Retained (from Step Two)

= **REFUND AMOUNT TO BE DISTRIBUTED**

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Federal Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

Case Study 6 Solution

Fishburn Institute

Important Points

- Because the school charges for tuition and fees for the entire program at the time of the student's enrollment, the entire length of the 900-clock-hour program is the period of enrollment for which Fran was charged.
- Because Fran was not attending the school for the first time, Pro Rata refund requirements do not apply. Because there is no state or approved accrediting agency refund policy, the school must calculate and compare the results of the school's refund policy and the Federal Refund Policy, and pay an amount that is at least as large as the larger of the refunds calculated.
- Fran withdrew after completing 41% of the clock hours for the period of enrollment for which she was charged (i.e., 369 clock hours divided by 900 clock hours) which is after the first 25% but before the first 50%. Therefore, under the Federal Refund Policy calculation, she is due a 25% refund of her institutional charges.
- No repayment calculation is required because no aid was disbursed directly to Fran.

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WITHDRAWAL RECORD

1. Student Information

Fran	*7/7*	*9/24*
Name	Start Date	Withdrawal Date/LDA
	900 clock hours, 30 weeks	*9/24*
Social Security Number	Length of Enrollment Period	Date of WD/LDA Determination

2. Program Costs

inst.	non-inst.			inst.	non-inst.		
☒	☐	Tuition/Fees	*3,550*	☐	☒	Personal/Living	*250*
☐	☐	Administrative Fee		☐	☐	Dependent Care	
☐	☒	Room & Board	*5,200*	☐	☐	Disability Costs	
☐	☒	Books & Supplies	*450*	☐	☐	Miscellaneous	
☐	☐	Transportation		☐	☐	Miscellaneous	

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs:	*3,550*	Ⓐ
TOTAL Noninst. Costs:	*5,650*	Ⓑ
TOTAL Aid Paid to Inst. Costs:	*3,405*	Ⓒ
TOTAL Paid to Inst. Costs:	*3,405*	Ⓓ
TOTAL Aid Paid as Cash:	*0*	Ⓔ

3. Payments/Disbursements

(Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student
7/7	*Direct Sub. Staff.*	*1,260*					
7/7	*Direct Unsub. Staff.*	*1,920*					
7/7	*Federal Pell*	*225*					

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.)

☐ YES ☒ NO

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period.

☒ YES ☐ NO

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round **DOWN** to the nearest 10%.

For credit-hour programs:

WEEKS REMAINING / **TOTAL WEEKS** = ______ = ____%

For clock-hour programs:*

HOURS REMAINING / **TOTAL HOURS** = ______ = ____%

For correspondence programs:

LESSONS NOT SUBMITTED / **TOTAL LESSONS** = ______ = ____%

*Excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

Administrative Fee (up to $100 or 5%, whichever is less) + *0*

Documented Cost of Unreturnable Equipment + *0*

Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal) + *0*

TOTAL EXCLUDABLE INSTITUTIONAL COSTS = *0*

(for Pro Rata and Federal Refund calculations only)

3,550 **Total Inst. Costs** Ⓐ − *0* **Total Excludable Inst. Costs** = **Pro Rata/Federal Refund Institutional Costs** *3,550* A1

FEDERAL REFUND CALCULATION WORKSHEET

STEP ONE*

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	3,550	Total Institutional Costs (from Withdrawal Record)	Ⓐ
-	*3,405*	Total Aid Paid to Inst. Costs* (also from Withdrawal Record)	Ⓒ
=	*145*	**Scheduled Cash Payment (SCP)** (attribution not allowable)	
-	*0*	Student's Cash Paid (from Withdrawal Record)	
=	*145*	**UNPAID CHARGES**	

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	3,500	Federal Refund Calculation Inst. Costs (from Withdrawal Record)	(A1)
X	*25%*	% to be Refunded (from the regulatory policy)	
=	*888*	**REFUND AMOUNT TO BE DISTRIBUTED**	

***NOTE:** Because calculating a Federal Refund in this manner does not show the amount retained by the school, the subtraction of unpaid charges from that amount is also not shown. However, the unpaid charges amount must still be calculated for the student because the refund process may result in the school not keeping the full amount it is allowed to retain under the Federal Refund Policy. In such a case, the school may collect the remaining balance from the student (the unpaid charges amount).

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND *888*

1. Federal SLS Loan	
2. Unsubsidized Federal Stafford Loan	
3. Subsidized Federal Stafford Loan	
4. Federal PLUS Loan	
5. Unsubsidized Federal Direct Stafford Loan	*888*
6. Subsidized Federal Direct Stafford Loan	
7. Federal Direct PLUS Loan	
8. Perkins Loan	
9. Federal Pell Grant	
10. FSEOG	
11. Other Title IV Aid Programs	
12. Other Federal, State, private, or institutional aid	
13. The student	

REFUND CALCULATION WORKSHEET

Institutional

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	3,550	Total Institutional Costs (from Withdrawal Record)	Ⓐ
-	*3,405*	Total Aid Paid to Inst. Costs* (also from Withdrawal Record)	Ⓒ
=	*145*	**Scheduled Cash Payment (SCP)** (attribution not allowable)	
-	*0*	Student's Cash Paid (from Withdrawal Record)	
=	*145*	**UNPAID CHARGES**	

STEP TWO

Amount Retained

*Use the percentage specified by the State, accrediting agency, Federal Refund Calculation, or institutional refund policy being used for this calculation. For first-time students who withdraw on or before the 60% point in the enrollment period (see Withdrawal Record for details), a statutory *pro rata* refund must also be calculated. For every student receiving SFA funds, the school must compare the possible refunds and use the calculation that provides the largest refund.

	3,550	Total Institutional Costs (from Withdrawal Record)	Ⓐ
X	*90%*	% Allowed to Retain* (from refund policy being used)	
=	*3,195*	**Initial Amount Retained By The School**	
-	*145*	UNPAID CHARGES (from Step One)	
=	*3,050*	**AMOUNT RETAINED**	

If this amount is zero or negative, all SFA paid to school charges must be returned (exc. FWS).

STEP THREE

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	3,405	Total Paid to Institutional Costs (from Withdrawal Record)	Ⓓ
-	*3,050*	Amount Retained (from Step Two)	
=	*355*	**REFUND AMOUNT TO BE DISTRIBUTED**	

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Federal Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

Case Study 7

Geiger State College

- **State aid restricted to tuition and fees**
- **State refund requirements**
- **Cash disbursement to student**

Objective

To illustrate the refund calculation based on requirements of state law, the repayment calculation, and allocation requirements.

School Information

Geiger State College:

- Four-year, term-based, public college
- Measures progress in credit hours
- AY consists of three 10-week quarters

Refund Policy

Institutional Refund Policy

If the student withdraws:	The school retains:
Before classes	0
First week	10%
Second week	25%
Third week	50%
Fourth week	75%
After fourth week	100%

The school does not exclude any administrative fee for students who withdraw.

State Refund Policy: Applies only to institutional changes for tuition and fees*

If the student withdraws:	The school retains:
Before classes	0
First week	10%
Second week	25%
Third week	50%
Fourth week	75%
After fourth week	100%

* Because the state refund policy speaks only to institutional charges for tuition and fees, the school extends the above state refund policy percentages to the student's other institutional charges.

Case Study 7: Geiger State College (cont'd)

Repayment Policy

Living expenses are prorated based on the number of weeks the student completed during the quarter. For students who begin classes, 50% of the books and supplies allowance is considered to be expended.

Student Information

- Gary transferred to the college at the beginning of the winter quarter, and is classified as a third-year student.
- Gary enrolls for 14 quarter hours and starts classes on January 5.
- Gary officially withdraws on January 16 (i.e., the end of the second week).

Program Costs

Costs for each quarter:

Tuition	$875
Fees	$30
Room	$900
Board	$750
Books and supplies allowance*	$150
Transportation allowance	$50
Personal expenses	$300

Aid Awarded

For the winter and spring quarters:

Federal Stafford Loan (total amount approved)	$3,667
Federal Pell Grant	$600
FSEOG	$800
State scholarship (does not include SSIG)	$1,000

---

*Books and supplies are purchased at stores not affiliated with the school.

Case Study 7: Geiger State College (cont'd)

Aid Disbursed for the Payment Period

Federal Stafford Loan	$1,760
Federal Pell Grant	$300
FSEOG	$400
State scholarship (does not include SSIG)	$500

The Federal Stafford Loan is scheduled to be disbursed in two equal installments of $1,760 (i.e., one-half of the total amount approved minus the origination fee and insurance premium) at the beginning of each quarter.

The state scholarship is restricted to the payment of tuition. All of the state scholarship and Federal Stafford Loan as well as $295 of the FSEOG were used to pay Gary's institutional charges. All of the Federal Pell Grant and $105 of the FSEOG were given to Gary in the form of a cash disbursement to help pay his noninstitutional costs. Gary paid for his books and supplies from the cash disbursement.

Task

- ✦ Calculate the amount of refund and repayment, if any.

WITHDRAWAL RECORD

1. Student Information

Name ______ Start Date ______ Withdrawal Date/LDA ______

Social Security Number ______ Length of Enrollment Period ______ Date of WD/LDA Determination ______

2. Program Costs

inst.	non-inst.		inst.	non-inst.	
☐	☐	Tuition/Fees ______	☐	☐	Personal/Living ______
☐	☐	Administrative Fee ______	☐	☐	Dependent Care ______
☐	☐	Room & Board ______	☐	☐	Disability Costs ______
☐	☐	Books & Supplies ______	☐	☐	Miscellaneous ______
☐	☐	Transportation ______	☐	☐	Miscellaneous ______

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs ☐ Ⓐ

TOTAL Noninst. Costs ☐ Ⓑ

TOTAL Aid Paid to Inst. Costs ☐ Ⓒ

TOTAL Paid to Inst. Costs ☐ Ⓓ

TOTAL Aid Paid as Cash ☐ Ⓔ

3. Payments Disbursements

(Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.) ☐ YES ☐ NO

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period. ☐ YES ☐ NO

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round **DOWN** to the nearest 10%.

For credit-hour programs:

$$\frac{\text{WEEKS REMAINING} \_\_\_\_}{\text{TOTAL WEEKS}} = \_\_\_\_ = \_\_\_\%$$

For clock-hour programs:*

$$\frac{\text{HOURS REMAINING} \_\_\_\_}{\text{TOTAL HOURS}} = \_\_\_\_ = \_\_\_\%$$

For correspondence programs:

$$\frac{\text{LESSONS NOT SUBMITTED} \_\_\_\_}{\text{TOTAL LESSONS}} = \_\_\_\_ = \_\_\_\%$$

*Excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

Administrative Fee (up to $100 or 5%, whichever is less) ______ + ______

Documented Cost of Unreturnable Equipment ______ + ______

Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal) ______ + ______

TOTAL EXCLUDABLE INSTITUTIONAL COSTS ______ = ______

(for Pro Rata and Federal Refund calculations only)

______ **Total Inst. Costs** Ⓐ − ______ **Total Excludable Inst. Costs** = **Pro Rata/Federal Refund Institutional Costs** ☐ A1

PRO RATA REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

Total Institutional Costs (from Withdrawal Record) Ⓐ

- Total Aid Paid to Inst. Costs* (also from Withdrawal Record) Ⓒ

= **Student's Scheduled Cash Payment (SCP)**

- Student's Cash Paid (from Withdrawal Record)

= **UNPAID CHARGES**

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

Pro Rata Institutional Costs (from Withdrawal Record) (A1)

X % to be Refunded (from the Portion That Remains)

= **Initial Refund Amount**

- UNPAID CHARGES (from Step One)

= **ACTUAL REFUND TO BE DISTRIBUTED**

If this amount is negative, the school may bill the student for that amount. No refund is due.

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Federal Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

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REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

Total Institutional Costs (from Withdrawal Record) Ⓐ

- Total Aid Paid to Inst. Costs* (also from Withdrawal Record) Ⓒ

= **Scheduled Cash Payment (SCP)** (attribution not allowable)

- Student's Cash Paid (from Withdrawal Record)

= **UNPAID CHARGES**

STEP TWO

Amount Retained

*Use the percentage specified by the State, accrediting agency, Federal Refund Calculation, or institutional refund policy being used for this calculation. For first-time students who withdraw on or before the 60% point in the enrollment period (see Withdrawal Record for details), a statutory *pro rata* refund must also be calculated. For every student receiving SFA funds, the school must compare the possible refunds and use the calculation that provides the largest refund.

Total Institutional Costs (from Withdrawal Record) Ⓐ

X % Allowed to Retain* (from refund policy being used)

= **Initial Amount Retained By The School**

- UNPAID CHARGES (from Step One)

= **AMOUNT RETAINED**

If this amount is zero or negative, all SFA paid to school charges must be returned (exc. FWS).

STEP THREE

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

Total Paid to Institutional Costs (from Withdrawal Record) Ⓓ

- Amount Retained (from Step Two)

= **REFUND AMOUNT TO BE DISTRIBUTED**

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Federal Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

REPAYMENT CALCULATION WORKSHEET

STEP ONE

Living Expenses Incurred

Because schools' repayment policies differ, this step can be calculated two ways: the total noninstitutional costs ("B" from the Withdrawal Record) may be retained at a flat percentage, or the itemized costs (listed on the Withdrawal Record) may be retained at differing rates and then totaled.

	Noninstitutional Costs *(from Withdrawal Record)*		**Expenses Actually Incurred** *(from school's repayment policy)*	
Room & Board	______	x		= ______
Books & Supplies	______	x		= ______
Transportation	______	x		= ______
Personal/Living/Misc.	______	x		= ______
	______	X		= ______
	TOTAL COSTS Ⓑ			**TOTAL INCURRED**

STEP TWO

Cash Paid to Student

*FFEL and Direct Loan funds are excluded from repayment—the student is already obligated to repay these funds to the lender.

Total Aid Paid as Cash (from Withdrawal Record) Ⓔ

- Cash Paid from FFEL/Direct Funds*

= **TOTAL CASH DISTRIBUTED**

STEP THREE

Repayment Amount

Funds must be returned to the appropriate program account(s) within 30 days of the student's repayment to the school.

Total Cash Paid to Student (from Step Two)

- Total Costs Incurred (from Step One)

= **REPAYMENT AMOUNT TO BE DISTRIBUTED**

If this amount is less than $100, the student owes no repayment

REPAYMENT DISTRIBUTION—Prescribed by Regulation

TOTAL REPAYMENT

1. Federal Perkins Loan ....
2. Federal Pell Grant ....
3. FSEOG ....
4. Other Title IV Aid Programs ....
5. Other Federal, State, private, or institutional aid ....

Case Study 7 Solution

Geiger State College

Important Points

- Gary withdrew after completing 20% of the period of enrollment for which he was charged (i.e., 2 weeks divided by 10 weeks).
- Because Gary is attending the school for the first-time and withdrew before completing at least 60% of the enrollment period, the Pro Rata refund requirements apply. Not only must the school calculate the amount of the Pro Rata refund, but also the amount of refund that would be due under the requirements of state law. Because the state refund requirements only address tuition and fee charges, the school extends the state formula to Gary's room and board charges.
- The portion of the period of enrollment for which Gary was charged that remains after Gary's withdrawal is 80% (i.e., 8 weeks divided by 10 weeks).
- Because Gary received all of his FSEOG and $105 of his Federal Pell Grant in the form of a cash disbursement for noninstitutional expenses, the school must determine if a repayment is due.
- Even though none of Gary's Federal Pell Grant was used to pay for institutional charges, the school must allocate a portion of the refund (i.e., $284) to the Federal Pell Grant Program as prescribed by statutory and regulatory requirements.

WITHDRAWAL RECORD

1. Student Information

Gary	*1/5*	*1/16*
Name	**Start Date**	**Withdrawal Date/LDA**
	10-week quarter	*1/16*
Social Security Number	**Length of Enrollment Period**	**Date of WD/LDA Determination**

2. Program Costs

inst.	non-inst.			inst.	non-inst.		
☒	☐	Tuition/Fees	*905*	☐	☒	Personal/Living	*300*
☐	☐	Administrative Fee		☐	☐	Dependent Care	
☒	☐	Room & Board	*1,650*	☐	☐	Disability Costs	
☐	☒	Books & Supplies	*150*	☐	☐	Miscellaneous	
☐	☒	Transportation	*50*	☐	☐	Miscellaneous	

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs:	*2,555*	Ⓐ
TOTAL Noninst. Costs:	*500*	Ⓑ
TOTAL Aid Paid to Inst. Costs:	*2,555*	Ⓒ
TOTAL Paid to Inst. Costs:	*2,555*	Ⓓ
TOTAL Aid Paid as Cash:	*405*	Ⓔ

3. Payments Disbursements

(Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student
1/5	*Federal Staff.*	*1,760*					
1/5	*State Schp.*	*500*					
1/5	*Federal Pell*		*300*				
1/5	*Federal SEOG*	*295*	*105*				

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.)

☒ YES ☐ NO

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period.

☒ YES ☐ NO

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round **DOWN** to the nearest 10%.

For credit-hour programs:
WEEKS REMAINING / **TOTAL WEEKS** = *8* / *10* = *80* %

For clock-hour programs:*
HOURS REMAINING / **TOTAL HOURS** = ____ = ____%

For correspondence programs:
LESSONS NOT SUBMITTED / **TOTAL LESSONS** = ____ = ____%

*Excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

Administrative Fee (up to $100 or 5%, whichever is less)	+	*0*
Documented Cost of Unreturnable Equipment	+	*0*
Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal)	+	*0*
TOTAL EXCLUDABLE INSTITUTIONAL COSTS (for Pro Rata and Federal Refund calculations only)	=	*0*

2,555 **Total Inst. Costs** Ⓐ − *0* **Total Excludable Inst. Costs** = **Pro Rata/Federal Refund Institutional Costs** *2,555* (A1)

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PRO RATA REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	2,555	Total Institutional Costs (from Withdrawal Record)	Ⓐ
-	2,555	Total Aid Paid to Inst. Costs* (also from Withdrawal Record)	Ⓒ
=	0	**Student's Scheduled Cash Payment (SCP)**	
-	0	Student's Cash Paid (from Withdrawal Record)	
=	0	**UNPAID CHARGES**	

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	2,555	Pro Rata Institutional Costs (from Withdrawal Record)	A1
X	80%	% to be Refunded (from the Portion That Remains)	
=	2,044	**Initial Refund Amount**	
-	0	UNPAID CHARGES (from Step One)	
=	2,044	**ACTUAL REFUND TO BE DISTRIBUTED**	

If this amount is negative, the school may bill the student for that amount. No refund is due.

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND 2,044

1. Federal SLS Loan	
2. Unsubsidized Federal Stafford Loan	
3. Subsidized Federal Stafford Loan	1,760
4. Federal PLUS Loan	
5. Unsubsidized Federal Direct Stafford Loan	
6. Subsidized Federal Direct Stafford Loan	
7. Federal Direct PLUS Loan	
8. Federal Perkins Loan	
9. Federal Pell Grant	284
10. FSEOG	
11. Other Title IV Aid Programs	
12. Other Federal, State, private, or institutional aid	
13. The student	

REFUND CALCULATION WORKSHEET

State

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	2,555	Total Institutional Costs (from Withdrawal Record)	Ⓐ
-	*2,555*	Total Aid Paid to Inst. Costs* (also from Withdrawal Record)	Ⓒ
=	*0*	**Scheduled Cash Payment (SCP)** (attribution not allowable)	
-	*0*	Student's Cash Paid (from Withdrawal Record)	
=	*0*	**UNPAID CHARGES**	

STEP TWO

Amount Retained

*Use the percentage specified by the State, accrediting agency, Federal Refund Calculation, or institutional refund policy being used for this calculation. For first-time students who withdraw on or before the 60% point in the enrollment period (see Withdrawal Record for details), a statutory *pro rata* refund must also be calculated. For every student receiving SFA funds, the school must compare the possible refunds and use the calculation that provides the largest refund.

	2,555	Total Institutional Costs (from Withdrawal Record)	Ⓐ
X	*25%*	% Allowed to Retain* (from refund policy being used)	
=	*639*	**Initial Amount Retained By The School**	
-	*0*	UNPAID CHARGES (from Step One)	
=	*639*	**AMOUNT RETAINED**	

If this amount is zero or negative, all SFA paid to school charges must be returned (exc. FWS)

STEP THREE

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	2,555	Total Paid to Institutional Costs (from Withdrawal Record)	Ⓓ
-	*639*	Amount Retained (from Step Two)	
=	*1,916*	**REFUND AMOUNT TO BE DISTRIBUTED**	

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Federal Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

REPAYMENT CALCULATION WORKSHEET

STEP ONE

Living Expenses Incurred

Because schools' repayment policies differ, this step can be calculated two ways: the total noninstitutional costs ("B" from the Withdrawal Record) may be retained at a flat percentage, or the itemized costs (listed on the Withdrawal Record) may be retained at differing rates and then totaled.

	Noninstitutional Costs *(from Withdrawal Record)*				Expenses Actually Incurred *(from school's repayment policy)*
Room & Board		x		=	
Books & Supplies	*150*	x	*1/2*	=	*75*
Transportation	*50*	x	*2/10*	=	*10*
Personal/Living/Misc.	*300*	x	*2/10*	=	*60*
		X		=	*145*
	TOTAL COSTS Ⓑ				**TOTAL INCURRED**

STEP TWO

Cash Paid to Student

*FFEL and Direct Loan funds are excluded from repayment—the student is already obligated to repay these funds to the lender.

	405	Total Aid Paid as Cash (from Withdrawal Record) Ⓔ
-	*0*	Cash Paid from FFEL/Direct Funds*
=	*405*	**TOTAL CASH DISTRIBUTED**

STEP THREE

Repayment Amount

Funds must be returned to the appropriate program account(s) within 30 days of the student's repayment to the school.

	405	Total Cash Paid to Student (from Step Two)
-	*145*	Total Costs Incurred (from Step One)
=	*260*	**REPAYMENT AMOUNT TO BE DISTRIBUTED**

If this amount is less than $100, the student owes no repayment

REPAYMENT DISTRIBUTION—Prescribed by Regulation

TOTAL REPAYMENT *260*

1. Federal Perkins Loan	
2. Federal Pell Grant	*16*
3. FSEOG	*244*
4. Other Title IV Aid Programs	
5. Other Federal, State, private, or institutional aid	

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Case Study 8

Hopewell College

- **State aid restricted to tuition and fees**
- **State refund requirements**
- **Cash disbursement to student**

Objective

To illustrate the determination of the period of enrollment for which the student was charged, the refund calculation based on requirements of state law, the repayment calculation, and allocation requirements.

School Information

Hopewell College:

- Nonterm, clock-hour programs of varying lengths
- A 900-clock-hour program takes 30 weeks to complete, and is divided into two 450-clock-hour payment periods
- School charges by the payment period

Refund Policy

Institutional Refund Policy

If the number of clock hours student completes:	The school retains:
Less than 10%	10%
10 – 19%	25%
20 – 29%	40%
30 – 39%	65%
40 – 49%	80%
50% or more	100%

The school does not exclude any administrative fee for withdrawals.

Case Study 8: Hopewell College (cont'd)

Refund Policy (cont'd):

State Refund Policy: Applies to all institutional charges.

If the student withdraws:	The school retains:
Before classes	0%
First week	10%
Second week	25%
Third week	50%
Fourth week	75%
After fourth week	100%

Repayment Policy

Living expenses are prorated based on the number of weeks the student is enrolled.

Student Information

- Helen is admitted into a 900-clock-hour program and starts classes on March 2.
- After completing 75 clock hours, Helen officially withdraws from the school on March 18 (during the third week).
- At the time of her withdrawal, Helen returns to the school bookstore the books and supplies she was required to purchase for her program in good condition.

Program Costs

Costs for the payment period:

Tuition	$1,100
Fees	$40
Books and supplies allowance	$225
School's allowance for off-campus living expenses	$3,200

Case Study 8: Hopewell College (cont'd)

Aid Awarded

For the academic year:

Direct Subsidized Stafford Loan (total amount approved)	$2,625
State scholarship (does not include SSIG)	$1,500
Federal Pell Grant	$2,000
FSEOG	$600

Aid Disbursed for the Payment Period

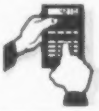
Direct Subsidized Stafford Loan	$1,260
State scholarship	$750
Federal Pell Grant	$1,000
FSEOG	$300

Because Helen received a Federal Stafford Loan for prior attendance at another school, her loan is not subject to the 30-day delayed disbursement requirement. The loan is scheduled to be disbursed in two equal installments (i.e., half of the total amount approved minus the origination fee) at the beginning of each payment period.

The state scholarship is restricted to the payment of tuition. All of the state scholarship and $615 of her loan were used to pay institutional charges. The Federal Pell Grant, FSEOG, and $645 of the loan were given to Helen in the form of a cash disbursement to help pay noninstitutional expenses.

Task

- ✦ Calculate the amount of refund and repayment, if any.



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WITHDRAWAL RECORD

1. Student Information

Name	Start Date	Withdrawal Date/LDA
Social Security Number	Length of Enrollment Period	Date of WD/LDA Determination

2. Program Costs

inst.	non-inst.			inst.	non-inst.		
☐	☐	Tuition/Fees	________	☐	☐	Personal/Living	________
☐	☐	Administrative Fee	________	☐	☐	Dependent Care	________
☐	☐	Room & Board	________	☐	☐	Disability Costs	________
☐	☐	Books & Supplies	________	☐	☐	Miscellaneous	________
☐	☐	Transportation	________	☐	☐	Miscellaneous	________

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs: ☐ Ⓐ

TOTAL Noninst. Costs: ☐ Ⓑ

TOTAL Aid Paid to Inst. Costs: ☐ Ⓒ

TOTAL Paid to Inst. Costs: ☐ Ⓓ

TOTAL Aid Paid as Cash: ☐ Ⓔ

3. Payments Disbursements

(Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.)

☐ **YES** ☐ **NO**

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period.

☐ **YES** ☐ **NO**

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round **DOWN** to the nearest 10%.

For credit-hour programs:

WEEKS REMAINING / TOTAL WEEKS = _____ = ____%

For clock-hour programs:*

HOURS REMAINING / TOTAL HOURS = _____ = ____%

For correspondence programs:

LESSONS NOT SUBMITTED / TOTAL LESSONS = _____ = ____%

*Excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

Administrative Fee (up to $100 or 5%, whichever is less) ________ +

Documented Cost of Unreturnable Equipment ________ +

Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal) ________ +

TOTAL EXCLUDABLE INSTITUTIONAL COSTS ________ =

(for Pro Rata and Federal Refund calculations only)

________ - ________ = ☐ A1

Total Inst. Costs Ⓐ **Total Excludable Inst. Costs** **Pro Rata/Federal Refund Institutional Costs**

REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

Total Institutional Costs (from Withdrawal Record) Ⓐ

- Total Aid Paid to Inst. Costs* (also from Withdrawal Record) Ⓒ

= **Scheduled Cash Payment (SCP)** (attribution not allowable)

- Student's Cash Paid (from Withdrawal Record)

= **UNPAID CHARGES**

STEP TWO

Amount Retained

*Use the percentage specified by the State, accrediting agency, Federal Refund Calculation, or institutional refund policy being used for this calculation. For first-time students who withdraw on or before the 60% point in the enrollment period (see Withdrawal Record for details), a statutory *pro rata* refund must also be calculated. For every student receiving SFA funds, the school must compare the possible refunds and use the calculation that provides the largest refund.

Total Institutional Costs (from Withdrawal Record) Ⓐ

X % Allowed to Retain* (from refund policy being used)

= **Initial Amount Retained By The School**

- UNPAID CHARGES (from Step One)

= **AMOUNT RETAINED**

If this amount is zero or negative, all SFA paid to school charges must be returned (exc. FWS)

STEP THREE

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

Total Paid to Institutional Costs (from Withdrawal Record) Ⓓ

- Amount Retained (from Step Two)

= **REFUND AMOUNT TO BE DISTRIBUTED**

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan 8
3. Subsidized Federal Stafford Loan 10
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Federal Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

PRO RATA REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	Total Institutional Costs (from Withdrawal Record) Ⓐ
-	Total Aid Paid to Inst. Costs* Ⓒ (also from Withdrawal Record)
=	**Student's Scheduled Cash Payment (SCP)**
-	Student's Cash Paid (from Withdrawal Record)
=	**UNPAID CHARGES**

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	Pro Rata Institutional Costs (from Withdrawal Record) (A1)
X	% to be Refunded (from the Portion That Remains)
=	**Initial Refund Amount**
-	UNPAID CHARGES (from Step One)
=	**ACTUAL REFUND TO BE DISTRIBUTED**

If this amount is negative, the school may bill the student for that amount. No refund is due.

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Federal Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

REPAYMENT CALCULATION WORKSHEET

STEP ONE

Living Expenses Incurred

Because schools' repayment policies differ, this step can be calculated two ways: the total noninstitutional costs ("B" from the Withdrawal Record) may be retained at a flat percentage, or the itemized costs (listed on the Withdrawal Record) may be retained at differing rates and then totaled.

	Noninstitutional Costs *(from Withdrawal Record)*			**Expenses Actually Incurred** *(from school's repayment policy)*
Room & Board		x	=	
Books & Supplies		x	=	
Transportation		x	=	
Personal/Living/Misc.		x	=	
	TOTAL COSTS Ⓑ	X	=	**TOTAL INCURRED**

STEP TWO

Cash Paid to Student

*FFEL and Direct Loan funds are excluded from repayment—the student is already obligated to repay these funds to the lender.

Total Aid Paid as Cash (from Withdrawal Record) Ⓔ

- Cash Paid from FFEL/Direct Funds*

= **TOTAL CASH DISTRIBUTED**

STEP THREE

Repayment Amount

Funds must be returned to the appropriate program account(s) within 30 days of the student's repayment to the school.

Total Cash Paid to Student (from Step Two)

- Total Costs Incurred (from Step One)

= **REPAYMENT AMOUNT TO BE DISTRIBUTED**

If this amount is less than $100, the student owes no repayment

REPAYMENT DISTRIBUTION—Prescribed by Regulation

TOTAL REPAYMENT

1. Federal Perkins Loan ....
2. Federal Pell Grant ....
3. FSEOG ....
4. Other Title IV Aid Programs ....
5. Other Federal, State, private, or institutional aid ....

Case Study 8 Solution

Hopewell College

Important Points

- The school charges tuition and fees each payment period, which is equal to one-half of the academic year. Therefore, the payment period is the period of enrollment for which Helen was charged.

- Helen withdrew after completing 17% of the period of enrollment for which she was charged (i.e., 75 clock hours divided by 450 clock hours). Because she was attending the school for the first time and withdrew before completing at least 60% of the enrollment period, Pro Rata refund requirements apply. Not only must the school calculate the amount of the Pro Rata refund but also the amount of refund that would be due under the requirements of state law.

- The portion of the period or enrollment for which Helen was charged and that remains after Helen's withdrawal is 80% (i.e., 375 clock hours divided by 450 clock hours, rounded down to the nearest 10%.)

- Helen received a cash disbursement for noninstitutional expenses. Therefore, the school must determine if a repayment is due. However, none of the Direct Unsubsidized Stafford Loan is included in the repayment calculation.

WITHDRAWAL RECORD

1. Student Information

Name: *Helen*
Start Date: *3/2*
Withdrawal Date/LDA: *3/18*
Social Security Number:
Length of Enrollment Period: *450 clock hours, 15 weeks*
Date of WD/LDA Determination: *3/18*

2. Program Costs

inst.	non-inst.			inst.	non-inst.		
☒	☐	Tuition/Fees	*1,140*	☐	☐	Personal/Living	
☐	☐	Administrative Fee		☐	☐	Dependent Care	
☐	☒	Room & Board	*3,200*	☐	☐	Disability Costs	
☒	☐	Books & Supplies	*225*	☐	☐	Miscellaneous	
☐	☐	Transportation		☐	☐	Miscellaneous	

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs: *1,365* Ⓐ
TOTAL Noninst. Costs: *3,200* Ⓑ
TOTAL Aid Paid to Inst. Costs: *1,365* Ⓒ
TOTAL Paid to Inst. Costs: *1,365* Ⓓ
TOTAL Aid Paid as Cash: *1,945* Ⓔ

3. Payments/Disbursements

(Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student
3/2	*Direct Sub. Staff.*	*615*	*645*				
3/2	*State Schp.*	*750*					
3/2	*Federal Pell*		*1,000*				
3/2	*Federal SEOG*		*300*				

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.)

☒ YES ☐ NO

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period.

☒ YES ☐ NO

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round **DOWN** to the nearest 10%.

For credit-hour programs:

$$\frac{\text{WEEKS REMAINING}}{\text{TOTAL WEEKS}} = \underline{\quad} = \underline{\quad}\%$$

For clock-hour programs:*

$$\frac{\text{HOURS REMAINING}}{\text{TOTAL HOURS}} = \frac{375}{450} = 80\%$$

For correspondence programs:

$$\frac{\text{LESSONS NOT SUBMITTED}}{\text{TOTAL LESSONS}} = \underline{\quad} = \underline{\quad}\%$$

*Excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

Administrative Fee (up to $100 or 5%, whichever is less) + *0*
Documented Cost of Unreturnable Equipment + *0*
Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal) + *0*
TOTAL EXCLUDABLE INSTITUTIONAL COSTS = *0*
(for Pro Rata and Federal Refund calculations only)

1,365 (Total Inst. Costs Ⓐ) - *0* (Total Excludable Inst. Costs) = *1,365* (Pro Rata/Federal Refund Institutional Costs) A1

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REFUND CALCULATION WORKSHEET

State

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	1,365	Total Institutional Costs (from Withdrawal Record)	Ⓐ
-	*1,365*	Total Aid Paid to Inst. Costs* (also from Withdrawal Record)	Ⓒ
=	*0*	**Scheduled Cash Payment (SCP)** (attribution not allowable)	
-	*0*	Student's Cash Paid (from Withdrawal Record)	
=	*0*	**UNPAID CHARGES**	

STEP TWO

Amount Retained

*Use the percentage specified by the State, accrediting agency, Federal Refund Calculation, or institutional refund policy being used for this calculation. For first-time students who withdraw on or before the 60% point in the enrollment period (see Withdrawal Record for details), a statutory *pro rata* refund must also be calculated. For every student receiving SFA funds, the school must compare the possible refunds and use the calculation that provides the largest refund.

	1,365	Total Institutional Costs (from Withdrawal Record)	Ⓐ
X	*25%*	% Allowed to Retain* (from refund policy being used)	
=	*341*	**Initial Amount Retained By The School**	
-	*0*	UNPAID CHARGES (from Step One)	
=	*341*	**AMOUNT RETAINED**	

If this amount is zero or negative, all SFA paid to school charges must be returned (exc. FWS).

STEP THREE

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	1,365	Total Paid to Institutional Costs (from Withdrawal Record)	Ⓓ
-	*341*	Amount Retained (from Step Two)	
=	*1,024*	**REFUND AMOUNT TO BE DISTRIBUTED**	

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Federal Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

PRO RATA REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	1,365	Total Institutional Costs (from Withdrawal Record)	Ⓐ
-	*1,365*	Total Aid Paid to Inst. Costs* (also from Withdrawal Record)	Ⓒ
=	*0*	**Student's Scheduled Cash Payment (SCP)**	
-	*0*	Student's Cash Paid (from Withdrawal Record)	
=	*0*	**UNPAID CHARGES**	

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	1,365	Pro Rata Institutional Costs (from Withdrawal Record)	(A1)
X	*80%*	% to be Refunded (from the Portion That Remains)	
=	*1,092*	**Initial Refund Amount**	
-	*0*	UNPAID CHARGES (from Step One)	
=	*1,092*	**ACTUAL REFUND TO BE DISTRIBUTED**	

If this amount is negative, the school may bill the student for that amount. No refund is due.

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND *1,092*

1. Federal SLS Loan		8. Federal Perkins Loan	
2. Unsubsidized Federal Stafford Loan		9. Federal Pell Grant	
3. Subsidized Federal Stafford Loan		10. FSEOG	
4. Federal PLUS Loan		11. Other Title IV Aid Programs	
5. Unsubsidized Federal Direct Stafford Loan		12. Other Federal, State, private, or institutional aid	
6. Subsidized Federal Direct Stafford Loan	*1,092*	13. The student	
7. Federal Direct PLUS Loan			

REPAYMENT CALCULATION WORKSHEET

STEP ONE

Living Expenses Incurred

Because schools' repayment policies differ, this step can be calculated two ways: the total noninstitutional costs ("B" from the Withdrawal Record) may be retained at a flat percentage, or the itemized costs (listed on the Withdrawal Record) may be retained at differing rates and then totaled.

	Noninstitutional Costs *(from Withdrawal Record)*				**Expenses Actually Incurred** *(from school's repayment policy)*
Room & Board	*3,200*	x	*3/15*	=	*640*
Books & Supplies		x		=	
Transportation		x		=	
Personal/Living/Misc.		x		=	
		X		=	*640*
	TOTAL COSTS Ⓑ				**TOTAL INCURRED**

STEP TWO

Cash Paid to Student

*FFEL and Direct Loan funds are excluded from repayment—the student is already obligated to repay these funds to the lender.

	1,945	Total Aid Paid as Cash (from Withdrawal Record) Ⓔ
-	*645*	Cash Paid from FFEL/Direct Funds*
=	*1,300*	**TOTAL CASH DISTRIBUTED**

STEP THREE

Repayment Amount

Funds must be returned to the appropriate program account(s) within 30 days of the student's repayment to the school.

	1,300	Total Cash Paid to Student (from Step Two)
-	*640*	Total Costs Incurred (from Step One)
=	*660*	**REPAYMENT AMOUNT TO BE DISTRIBUTED**

If this amount is less than $100, the student owes no repayment.

REPAYMENT DISTRIBUTION—Prescribed by Regulation

TOTAL REPAYMENT *660*

1. Federal Perkins Loan ....
2. Federal Pell Grant .... *660* ....
3. FSEOG ....
4. Other Title IV Aid Programs ....
5. Other Federal, State, private, or institutional aid ....

Case Study 9

Juno Community College

- **Cash disbursement to student**
- **All aid not disbursed by withdrawal date**

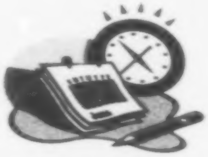
Objective

To illustrate late disbursement requirements, the repayment calculation, and allocation requirements.

School Information

Juno Community College:

- Two-year, term-based public community college
- Measures progress in credit hours
- AY consists of two 15-week semesters



Refund Policy

Institutional Refund Policy

If the student withdraws:	The school retains:
Before classes start	0%
First week.	20%
Second week	40%
Third week	60%
Fourth week	80%
After fourth week	100%

The school does not exclude any administrative fee for withdrawals.

State Refund Policy

No state refund policy exists.

Repayment Policy

Living expenses are prorated based on the number of weeks the student completes during the semester. For students who begin classes, 50% of the books and supplies allowance are considered to be expended.

Case Study 9 Juno Community College (cont'd)

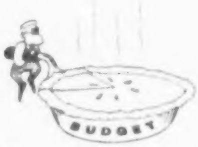
Student Information

- Jill is attending her second year at the school. She enrolls for 12 semester hours for the first semester and starts classes on September 8.
- On September 17 (i.e., during the second week), Jill officially withdraws from the school.

Program Costs

Costs for each semester:

Tuition	$25 per semester hour
Fees	$50
Books and supplies allowance*	$200
School's allowance for off-campus living expenses	$2,700



*Books and supplies are purchased in stores not affiliated with the school.

Aid Awarded

Federal Stafford Loan (total amount approved)	$3,400
Federal Pell Grant	$2,400
State Grant (does not include SSIG)	$700

The State Grant is restricted to the payment of tuition and fees.

Aid Disbursed for the Payment Period

Federal Pell Grant	$1,200
State Grant	$350

Although the Federal Stafford Loan is scheduled to be disbursed in two equal installments of $1,632 (i.e., half of the total amount approved minus the origination fee and insurance premium) at the beginning of each semester, the school had not received the first disbursement at the time of Jill's withdrawal.

Because Jill's State Grant covered all her institutional charges, her Federal Pell Grant was given to her in the form of a cash disbursement for noninstitutional costs. Jill used the cash disbursement to purchase her books and supplies.

Case Study 9 Juno Community College (cont'd)

Task

- Calculate the amount of refund and repayment, if any.

WITHDRAWAL RECORD

1. Student Information

Name ______ Start Date ______ Withdrawal Date/LDA ______

Social Security Number ______ Length of Enrollment Period ______ Date of WD/LDA Determination ______

2. Program Costs

inst.	non-inst.			inst.	non-inst.		
☐	☐	Tuition/Fees	______	☐	☐	Personal/Living	______
☐	☐	Administrative Fee	______	☐	☐	Dependent Care	______
☐	☐	Room & Board	______	☐	☐	Disability Costs	______
☐	☐	Books & Supplies	______	☐	☐	Miscellaneous	______
☐	☐	Transportation	______	☐	☐	Miscellaneous	______

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs: ☐ Ⓐ

TOTAL Noninst. Costs: ☐ Ⓑ

TOTAL Aid Paid to Inst. Costs: ☐ Ⓒ

TOTAL Paid to Inst. Costs: ☐ Ⓓ

TOTAL Aid Paid as Cash: ☐ Ⓔ

3. Payments/Disbursements

(Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.)

☐ **YES** ☐ **NO**

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period.

☐ **YES** ☐ **NO**

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round **DOWN** to the nearest 10%.

For credit-hour programs:

$$\frac{\text{WEEKS REMAINING}}{\text{TOTAL WEEKS}} = \_\_\_\_ = \_\_\_\_\%$$

For clock-hour programs:*

$$\frac{\text{HOURS REMAINING}}{\text{TOTAL HOURS}} = \_\_\_\_ = \_\_\_\_\%$$

For correspondence programs:

$$\frac{\text{LESSONS NOT SUBMITTED}}{\text{TOTAL LESSONS}} = \_\_\_\_ = \_\_\_\_\%$$

*Excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

Administrative Fee (up to $100 or 5%, whichever is less) ______ +

Documented Cost of Unreturnable Equipment ______ +

Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal) ______ +

TOTAL EXCLUDABLE INSTITUTIONAL COSTS ______ =

(for Pro Rata and Federal Refund calculations only)

______ − ______ = ☐ (A1)

Total Inst. Costs Ⓐ **Total Excludable Inst. Costs** **Pro Rata/Federal Refund Institutional Costs**

REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

Total Institutional Costs (from Withdrawal Record) Ⓐ

- Total Aid Paid to Inst. Costs* (also from Withdrawal Record) Ⓒ

= **Scheduled Cash Payment (SCP)** (attribution not allowable)

- Student's Cash Paid (from Withdrawal Record)

= **UNPAID CHARGES**

STEP TWO

Amount Retained

*Use the percentage specified by the State, accrediting agency, Federal Refund Calculation, or institutional refund policy being used for this calculation. For first-time students who withdraw on or before the 60% point in the enrollment period (see Withdrawal Record for details), a statutory *pro rata* refund must also be calculated. For every student receiving SFA funds, the school must compare the possible refunds and use the calculation that provides the largest refund.

Total Institutional Costs (from Withdrawal Record) Ⓐ

X % Allowed to Retain* (from refund policy being used)

= **Initial Amount Retained By The School**

- UNPAID CHARGES (from Step One)

= **AMOUNT RETAINED**

If this amount is zero or negative, all SFA paid to school charges must be returned (exc. FWS).

STEP THREE

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

Total Paid to Institutional Costs (from Withdrawal Record) Ⓓ

- Amount Retained (from Step Two)

= **REFUND AMOUNT TO BE DISTRIBUTED**

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Federal Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

FEDERAL REFUND CALCULATION WORKSHEET

STEP ONE*

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

Total Institutional Costs (from Withdrawal Record) Ⓐ

- Total Aid Paid to Inst. Costs* (also from Withdrawal Record) Ⓒ

= **Scheduled Cash Payment (SCP)** (attribution not allowable)

- Student's Cash Paid (from Withdrawal Record)

= **UNPAID CHARGES**

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

Federal Refund Calculation Inst. Costs (from Withdrawal Record) (A1)

X % to be Refunded (from the regulatory policy)

= **REFUND AMOUNT TO BE DISTRIBUTED**

***NOTE:** Because calculating a Federal Refund in this manner does not show the amount retained by the school, the subtraction of unpaid charges from that amount is also not shown. However, the unpaid charges amount must still be calculated for the student because the refund process may result in the school not keeping the full amount it is allowed to retain under the Federal Refund Policy. In such a case, the school may collect the remaining balance from the student (the unpaid charges amount).

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan
2. Unsubsidized Federal Stafford Loan
3. Subsidized Federal Stafford Loan
4. Federal PLUS Loan
5. Unsubsidized Federal Direct Stafford Loan
6. Subsidized Federal Direct Stafford Loan
7. Federal Direct PLUS Loan
8. Perkins Loan
9. Federal Pell Grant
10. FSEOG
11. Other Title IV Aid Programs
12. Other Federal, State, private, or institutional aid
13. The student

REPAYMENT CALCULATION WORKSHEET

STEP ONE

Living Expenses Incurred

Because schools' repayment policies differ, this step can be calculated two ways: the total noninstitutional costs ("B" from the Withdrawal Record) may be retained at a flat percentage, or the itemized costs (listed on the Withdrawal Record) may be retained at differing rates and then totaled.

	Noninstitutional Costs *(from Withdrawal Record)*			Expenses Actually Incurred *(from school's repayment policy)*
Room & Board		x	=	
Books & Supplies		x	=	
Transportation		x	=	
Personal/Living/Misc.		x	=	
		X	=	
	TOTAL COSTS Ⓑ			**TOTAL INCURRED**

STEP TWO

Cash Paid to Student

*FFEL and Direct Loan funds are excluded from repayment—the student is already obligated to repay these funds to the lender.

Total Aid Paid as Cash (from Withdrawal Record) Ⓔ

- Cash Paid from FFEL/Direct Funds*

= TOTAL CASH DISTRIBUTED

STEP THREE

Repayment Amount

Funds must be returned to the appropriate program account(s) within 30 days of the student's repayment to the school.

Total Cash Paid to Student (from Step Two)

- Total Costs Incurred (from Step One)

= REPAYMENT AMOUNT TO BE DISTRIBUTED

If this amount is less than $100, the student owes no repayment.

REPAYMENT DISTRIBUTION—Prescribed by Regulation

TOTAL REPAYMENT ____________

1. Federal Perkins Loan ....
2. Federal Pell Grant ....
3. FSEOG ....
4. Other Title IV Aid Programs ....
5. Other Federal, State, private, or institutional aid ....

Case Study 9 Solution

Juno Community College

Important Points

- Before calculating the refund and repayment, the school must determine how much of the loan Jill may receive as a late disbursement. The amount of the late disbursement may not exceed Jill's documented educational costs for the enrollment period incurred while she was still enrolled and not covered by other aid or the student for institutional costs.
  - All of her institutional charges were covered by the State Grant.
  - Noninstitutional costs incurred are calculated:

Books and supplies	1/2 x $200	=	$100
Other noninstitutional costs	2 weeks/15 weeks x $2,700	=	$360
Total noninstitutional costs incurred		=	$460

  - Because all of her institutional charges were covered by her State Grant and the cash disbursement of her Federal Pell Grant (i.e., $1,200) was greater than the amount of noninstitutional costs incurred, Jill is not eligible for a late disbursement of the loan.
- Because Jill is not attending the school for the first-time, the Pro Rata Refund requirements do not apply. Because there is no state or approved accrediting agency refund, the school must calculate and compare the amount of refund that would be due under the school's refund policy and the Federal Refund Policy, and pay an amount that is at least as large as the larger of the refunds calculated.
- Jill withdrew after completing 13% of the period of enrollment for which she was charged (i.e., 2 weeks divided by 15 weeks), which is after the first 10% but before the first 25%.
- The entire $210 refund is returned to the Federal Pell Grant Program even though none of Jill's Federal Pell Grant was used to pay institutional charges.

WITHDRAWAL RECORD

1. Student Information

Name: *Jill*
Start Date: *9/8*
Withdrawal Date/LDA: *9/17*
Social Security Number:
Length of Enrollment Period: *15-week semester*
Date of WD/LDA Determination: *9/17*

2. Program Costs

inst.	non-inst.			inst.	non-inst.		
☒	☐	Tuition/Fees	*350*	☐	☐	Personal/Living	
☐	☐	Administrative Fee		☐	☐	Dependent Care	
☐	☒	Room & Board	*2,700*	☐	☐	Disability Costs	
☐	☒	Books & Supplies	*200*	☐	☐	Miscellaneous	
☐	☐	Transportation		☐	☐	Miscellaneous	

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs:	*350*	Ⓐ
TOTAL Noninst. Costs:	*2,900*	Ⓑ
TOTAL Aid Paid to Inst. Costs:	*350*	Ⓒ
TOTAL Paid to Inst. Costs:	*350*	Ⓓ
TOTAL Aid Paid as Cash:	*1,200*	Ⓔ

3. Payments/Disbursements

(Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student
9/8	*State Grant*	*350*					
9/8	*Federal Pell*		*1,200*				

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.)

☐ YES ☒ NO

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period.

☒ YES ☐ NO

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round **DOWN** to the nearest 10%.

For credit-hour programs:
WEEKS REMAINING / TOTAL WEEKS = ____ = ____%

For clock-hour programs:*
HOURS REMAINING / TOTAL HOURS = ____ = ____%

For correspondence programs:
LESSONS NOT SUBMITTED / TOTAL LESSONS = ____ = ____%

*Excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

Administrative Fee (up to $100 or 5%, whichever is less) + *0*
Documented Cost of Unreturnable Equipment + *0*
Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal) + *0*
TOTAL EXCLUDABLE INSTITUTIONAL COSTS = *0*
(for Pro Rata and Federal Refund calculations only)

350 **Total Inst. Costs** Ⓐ − *0* **Total Excludable Inst. Costs** = **Pro Rata/Federal Refund Institutional Costs** *350* (A1)

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REFUND CALCULATION WORKSHEET

Institutional

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	350	Total Institutional Costs (from Withdrawal Record)	Ⓐ
-	*350*	Total Aid Paid to Inst. Costs* (also from Withdrawal Record)	Ⓒ
=	*0*	**Scheduled Cash Payment (SCP)** (attribution not allowable)	
-	*0*	Student's Cash Paid (from Withdrawal Record)	
=	*0*	**UNPAID CHARGES**	

STEP TWO

Amount Retained

*Use the percentage specified by the State, accrediting agency, Federal Refund Calculation, or institutional refund policy being used for this calculation. For first-time students who withdraw on or before the 60% point in the enrollment period (see Withdrawal Record for details), a statutory *pro rata* refund must also be calculated. For every student receiving SFA funds, the school must compare the possible refunds and use the calculation that provides the largest refund.

	350	Total Institutional Costs (from Withdrawal Record)	Ⓐ
X	*40%*	% Allowed to Retain* (from refund policy being used)	
=	*140*	**Initial Amount Retained By The School**	
-	*0*	UNPAID CHARGES (from Step One)	
=	*140*	**AMOUNT RETAINED**	

If this amount is zero or negative, all SFA paid to school charges must be returned (exc. FWS).

STEP THREE

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	350	Total Paid to Institutional Costs (from Withdrawal Record)	Ⓓ
-	*140*	Amount Retained (from Step Two)	
=	*210*	**REFUND AMOUNT TO BE DISTRIBUTED**	

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND *210*

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Federal Perkins Loan ....
9. Federal Pell Grant *210*
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

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FEDERAL REFUND CALCULATION WORKSHEET

STEP ONE*

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	350	Total Institutional Costs (from Withdrawal Record) Ⓐ
-	*350*	Total Aid Paid to Inst. Costs* (also from Withdrawal Record) Ⓒ
=	*0*	**Scheduled Cash Payment (SCP)** (attribution not allowable)
-	*0*	Student's Cash Paid (from Withdrawal Record)
=	*0*	**UNPAID CHARGES**

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	350	Federal Refund Calculation Inst. Costs (from Withdrawal Record) (A1)
X	*50%*	% to be Refunded (from the regulatory policy)
=	*175*	**REFUND AMOUNT TO BE DISTRIBUTED**

***NOTE:** Because calculating a Federal Refund in this manner does not show the amount retained by the school, the subtraction of unpaid charges from that amount is also not shown. However, the unpaid charges amount must still be calculated for the student because the refund process may result in the school not keeping the full amount it is allowed to retain under the Federal Refund Policy. In such a case, the school may collect the remaining balance from the student (the unpaid charges amount).

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REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

REPAYMENT CALCULATION WORKSHEET

STEP ONE

Living Expenses Incurred

Because schools' repayment policies differ, this step can be calculated two ways: the total noninstitutional costs ("B" from the Withdrawal Record) may be retained at a flat percentage, or the itemized costs (listed on the Withdrawal Record) may be retained at differing rates and then totaled.

	Noninstitutional Costs *(from Withdrawal Record)*				Expenses Actually Incurred *(from school's repayment policy)*
Room & Board	2,700	x	2/15	=	360
Books & Supplies	200	x	1/2	=	100
Transportation		x		=	
Personal/Living/Misc.		x		=	
		X		=	460
	TOTAL COSTS Ⓑ				TOTAL INCURRED

STEP TWO

Cash Paid to Student

*FFEL and Direct Loan funds are excluded from repayment—the student is already obligated to repay these funds to the lender.

	1,200	Total Aid Paid as Cash (from Withdrawal Record) Ⓔ
-	0	Cash Paid from FFEL/Direct Funds*
=	1,200	**TOTAL CASH DISTRIBUTED**

STEP THREE

Repayment Amount

Funds must be returned to the appropriate program account(s) within 30 days of the student's repayment to the school.

	1,200	Total Cash Paid to Student (from Step Two)
-	460	Total Costs Incurred (from Step One)
=	740	**REPAYMENT AMOUNT TO BE DISTRIBUTED**

If this amount is less than $100, the student owes no repayment.

REPAYMENT DISTRIBUTION—Prescribed by Regulation

TOTAL REPAYMENT 740

1. Federal Perkins Loan	
2. Federal Pell Grant	740
3. FSEOG	
4. Other Title IV Aid Programs	
5. Other Federal, State, private, or institutional aid	

Case Study 10

Nexus College

- **Second-year student**
- **Aid exceeds institutional charges**

Objective

To illustrate the treatment of the credit balance and allocation requirements.

School Information

Nexus College:

- Four-year, term-based private college
- Measures progress in credit hours
- AY consists of two 15-week semesters

Refund Policy

Institutional Refund Policy

If the student withdraws:	The school retains:
Before classes start	0
First week	10%
Second week	30%
Third week	50%
Fourth week	70%
After fourth week	100%

The school does not exclude any administrative fee for withdrawals.

State Refund Policy

No state refund policy exists.

Case Study 10: Nexus College (cont'd)

Repayment Policy

Living expenses are prorated based on the number of weeks the student completed during the semester. For students who begin classes, 50% of the books and supplies allowance are considered to be expended.

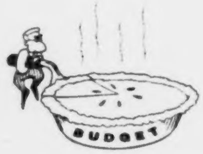
Student Information

- ✦ Nancy is attending her second year at the school.
- ✦ Nancy enrolls for 15 semester hours for the first semester and starts classes on August 25.
- ✦ Nancy officially withdraws on September 3 (i.e., the second week).

Program Costs

Costs for each semester:

Tuition	$2,000
Fees	$50
Books and supplies allowance*	$150
School's allowance for off-campus living expenses	$750



Aid Awarded

For the award year:

Federal Pell Grant	$2,400
Federal Perkins Loan	$850
Milhone Foundation Scholarship	$2,650

$1,600 of the Milhone Foundation Scholarship are paid directly to the school in two equal installments (half at the beginning of each semester) and are restricted to the payment of tuition and fees. The remaining $1,050 is a maintenance allowance which is paid to Nancy in two equal installments (i.e., one-half at the beginning of each semester). Nancy is eligible for the maintenance allowance only for those weeks she is enrolled in school.

---

*Books and supplies are purchased at stores not affiliated with the school.

Case Study 10: Nexus College (cont'd)

Aid Disbursed for the Payment Period

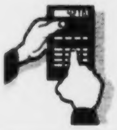
Milhone Foundation Scholarship	$800
Federal Pell Grants	$1,200
Federal Perkins Loan	$425

At the time of her withdrawal, Nancy had not yet stopped by the business office to pick up the check for the credit balance on her account (i.e., $375).

The school has a policy of crediting a student's account in the following order: state grants, non-Title IV funds from private sources, institutional grants and scholarships, Federal Pell Grant, FSEOG, Federal Perkins Loan, and FFEL loans. The school also has a policy to pay students who withdraw any amount of credit balance for which they are eligible.

Nancy paid for her books and supplies from her own resources.

Task



- ✦ Calculate the amount of refund and repayment, if any.

WITHDRAWAL RECORD

1. Student Information

Name	Start Date	Withdrawal Date/LDA
Social Security Number	Length of Enrollment Period	Date of WD/LDA Determination

2. Program Costs

inst.	non-inst.		inst.	non-inst.	
☐	☐	Tuition/Fees ________	☐	☐	Personal/Living ________
☐	☐	Administrative Fee ________	☐	☐	Dependent Care ________
☐	☐	Room & Board ________	☐	☐	Disability Costs ________
☐	☐	Books & Supplies ________	☐	☐	Miscellaneous ________
☐	☐	Transportation ________	☐	☐	Miscellaneous ________

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs: ☐ Ⓐ

TOTAL Noninst. Costs: ☐ Ⓑ

TOTAL Aid Paid to Inst. Costs: ☐ Ⓒ

TOTAL Paid to Inst. Costs: ☐ Ⓓ

TOTAL Aid Paid as Cash: ☐ Ⓔ

3. Payments/Disbursements

(Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.)

☐ **YES** ☐ **NO**

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period.

☐ **YES** ☐ **NO**

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round **DOWN** to the nearest 10%.

For credit-hour programs:

$\dfrac{\textbf{WEEKS REMAINING}\ \_\_\_\_}{\textbf{TOTAL WEEKS}} = \_\_\_\_ = \_\_\_\%$

For clock-hour programs:*

$\dfrac{\textbf{HOURS REMAINING}\ \_\_\_\_}{\textbf{TOTAL HOURS}} = \_\_\_\_ = \_\_\_\%$

For correspondence programs:

$\dfrac{\textbf{LESSONS NOT SUBMITTED}\ \_\_\_\_}{\textbf{TOTAL LESSONS}} = \_\_\_\_ = \_\_\_\%$

*Excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

Administrative Fee (up to $100 or 5%, whichever is less) ________ +

Documented Cost of Unreturnable Equipment ________ +

Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal) ________ +

TOTAL EXCLUDABLE INSTITUTIONAL COSTS ________ =

(for Pro Rata and Federal Refund calculations only)

________ **-** ________ **=** ☐ Ⓐ1

Total Inst. Costs Ⓐ **Total Excludable Inst. Costs** **Pro Rata/Federal Refund Institutional Costs**

REFUND CALCULATION WORKSHEET

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

Total Institutional Costs (from Withdrawal Record) Ⓐ

- Total Aid Paid to Inst. Costs* (also from Withdrawal Record) Ⓒ

= **Scheduled Cash Payment (SCP)** (attribution not allowable)

- Student's Cash Paid (from Withdrawal Record)

= **UNPAID CHARGES**

STEP TWO

Amount Retained

*Use the percentage specified by the State, accrediting agency, Federal Refund Calculation, or institutional refund policy being used for this calculation. For first-time students who withdraw on or before the 60% point in the enrollment period (see Withdrawal Record for details), a statutory *pro rata* refund must also be calculated. For every student receiving SFA funds, the school must compare the possible refunds and use the calculation that provides the largest refund.

Total Institutional Costs (from Withdrawal Record) Ⓐ

X % Allowed to Retain* (from refund policy being used)

= **Initial Amount Retained By The School**

- UNPAID CHARGES (from Step One)

= **AMOUNT RETAINED**

If this amount is zero or negative, all SFA paid to school charges must be returned (exc. FWS).

STEP THREE

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

Total Paid to Institutional Costs (from Withdrawal Record) Ⓓ

- Amount Retained (from Step Two)

= **REFUND AMOUNT TO BE DISTRIBUTED**

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Federal Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

FEDERAL REFUND CALCULATION WORKSHEET

STEP ONE*

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

Total Institutional Costs (from Withdrawal Record) Ⓐ

- Total Aid Paid to Inst. Costs* (also from Withdrawal Record) Ⓒ

= **Scheduled Cash Payment (SCP)** (attribution not allowable)

- Student's Cash Paid (from Withdrawal Record)

= **UNPAID CHARGES**

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

Federal Refund Calculation Inst. Costs (from Withdrawal Record) (A1)

X % to be Refunded (from the regulatory policy)

= **REFUND AMOUNT TO BE DISTRIBUTED**

***NOTE:** Because calculating a Federal Refund in this manner does not show the amount retained by the school, the subtraction of unpaid charges from that amount is also not shown. However, the unpaid charges amount must still be calculated for the student because the refund process may result in the school not keeping the full amount it is allowed to retain under the Federal Refund Policy. In such a case, the school may collect the remaining balance from the student (the unpaid charges amount).

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

Case Study 10 Solution

Nexus College

Important Points

- Before calculating the amount of the refund, the school must eliminate the $375 credit balance on Nancy's account (i.e., her $375 Federal Perkins Loan).
- To eliminate the credit balance the school determines the amount of a cash disbursement for which Nancy is eligible by calculating the amount of noninstitutional costs Nancy incurred prior to her withdrawal that was not covered by other aid (i.e., the amount of the Milhone Foundation Scholarship).
  - Noninstitutional costs are calculated:

Books and supplies	1/2 x $150	=	$75
Other noninstitutional costs	2 weeks/15 weeks x $750	=	$100
Total noninstitutional costs incurred		=	$175

  - Amount of the Milhone Foundation Scholarship used to cover noninstitutional costs is calculated:

    $525/15 weeks = $35
    2 weeks x $35 = $70

  - Thus, of the $375 credit balance on Nancy's account, $105 is the maximum amount for which she is eligible ($175 - $70 = $105). The school returns the unearned $270 to the Federal Perkins Loan account before calculating the refund.
- Because she is not attending the school for the first time, the Pro Rata refund requirements do not apply. Because there are no state or approved accrediting agency refund policies, the school must calculate and compare the amount of a refund that would be due under the school's refund policy and the Federal Refund Policy, and pay an amount that is at least as large as the larger of the refunds calculated.
- Nancy withdrew after completing 13% of the period of enrollment for which she was charged (i.e., 2 weeks divided by 15 weeks), which is after the first 10% but before the first 25%.
- When the school eliminated the credit balance, it calculated the amount of a cash disbursement Nancy could receive without exceeding the amount of noninstitutional costs incurred prior to her withdrawal and not covered by other aid. Thus, the school does not have to calculate the repayment.

WITHDRAWAL RECORD

1. Student Information

Nancy	8/25	9/3
Name	Start Date	Withdrawal Date/LDA
	15-week semester	9/3
Social Security Number	Length of Enrollment Period	Date of WD/LDA Determination

2. Program Costs

inst.	non-inst.			inst.	non-inst.		
☒	☐	Tuition/Fees	2,050	☐	☐	Personal/Living	
☐	☐	Administrative Fee		☐	☐	Dependent Care	
☐	☒	Room & Board	750	☐	☐	Disability Costs	
☐	☒	Books & Supplies	150	☐	☐	Miscellaneous	
☐	☐	Transportation		☐	☐	Miscellaneous	

USE TOTALS FOR PERIOD CHARGED*

TOTAL Inst. Costs:	2,050	Ⓐ
TOTAL Noninst. Costs:	900	Ⓑ
TOTAL Aid Paid to Inst. Costs:	2,050	Ⓒ
TOTAL Paid to Inst. Costs:	2,050	Ⓓ
TOTAL Aid Paid as Cash:	105*	Ⓔ

3. Payments Disbursements

(Exclude work-study awards.)

DATE	SOURCE	Paid to Inst. Costs	Cash to Student	DATE	SOURCE	Paid to Inst. Costs	Cash to Student
8/26	Milhone Fdn Schp	800					
8/26	Federal Pell	1,200					
8/26	Federal Perkins	50					
9/3	Federal Perkins		105*				

***USE TOTALS AS CHARGED FOR THE ENROLLMENT PERIOD** (The following minimums apply: for term programs, use totals for the term; for all nonterm programs longer than or equal to the academic year, use totals for the payment period or for one-half of the academic year, whichever is greater. For all nonterm programs shorter than the academic year, use totals for the program length. If you charge by different periods for different charges, convert all totals to represent the longest period.)

4. Data for Pro Rata and Federal Refund

IS THIS STUDENT A FIRST-TIME STUDENT? A first-time student is one who has not previously attended at least one class at this school, or has received a 100 percent refund (less any permitted administrative fee) for previous attendance. (A first-time student remains so until he or she withdraws after attending at least one class at the school or completes the period of enrollment.) ☐ YES ☒ NO

DID THIS STUDENT WITHDRAW ON OR BEFORE THE 60% POINT? For credit-hour programs, the 60% point is the point in calendar time when 60% of the enrollment period has elapsed. For clock-hour programs, it is the point when this particular student completes 60% of the hours scheduled for the enrollment period. ☒ YES ☐ NO

IF THE ANSWER TO BOTH QUESTIONS IS "YES," a statutory pro rata refund calculation is required for this student. For this calculation, you must determine the Portion That Remains (of the enrollment period) and the institutional costs that may be excluded, if any.

TO DETERMINE THE PORTION THAT REMAINS, calculate as follows and round **DOWN** to the nearest 10%.

For credit-hour programs:

$\frac{\text{WEEKS REMAINING}}{\text{TOTAL WEEKS}}$ = ____ = ___%

For clock-hour programs:*

$\frac{\text{HOURS REMAINING}}{\text{TOTAL HOURS}}$ = ____ = ___%

For correspondence programs:

$\frac{\text{LESSONS NOT SUBMITTED}}{\text{TOTAL LESSONS}}$ = ____ = ___%

*Excused absences can count as "hours completed."

TO DETERMINE EXCLUDABLE INSTITUTIONAL COSTS:

Administrative Fee (up to $100 or 5%, whichever is less)	+	0
Documented Cost of Unreturnable Equipment	+	0
Documented Cost of Returnable Equipment (if not returned in good condition within 20 days of withdrawal)	+	0
TOTAL EXCLUDABLE INSTITUTIONAL COSTS (for Pro Rata and Federal Refund calculations only)	=	0

2,050 (Total Inst. Costs Ⓐ) – 0 (Total Excludable Inst. Costs) = 2,050 (Pro Rata/Federal Refund Institutional Costs A1)

***See solution notes.**

REFUND CALCULATION WORKSHEET

Institutional

STEP ONE

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	2,050	Total Institutional Costs (from Withdrawal Record)	Ⓐ
-	*2,050*	Total Aid Paid to Inst. Costs* (also from Withdrawal Record)	Ⓒ
=	*0*	**Scheduled Cash Payment (SCP)** (attribution not allowable)	
-	*0*	Student's Cash Paid (from Withdrawal Record)	
=	*0*	**UNPAID CHARGES**	

STEP TWO

Amount Retained

*Use the percentage specified by the State, accrediting agency, Federal Refund Calculation, or institutional refund policy being used for this calculation. For first-time students who withdraw on or before the 60% point in the enrollment period (see Withdrawal Record for details), a statutory *pro rata* refund must also be calculated. For every student receiving SFA funds, the school must compare the possible refunds and use the calculation that provides the largest refund.

	2,050	Total Institutional Costs (from Withdrawal Record)	Ⓐ
X	*30%*	% Allowed to Retain* (from refund policy being used)	
=	*615*	**Initial Amount Retained By The School**	
-	*0*	UNPAID CHARGES (from Step One)	
=	*615*	**AMOUNT RETAINED**	

If this amount is zero or negative, all SFA paid to school charges must be returned (exc. FWS).

STEP THREE

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	2,050	Total Paid to Institutional Costs (from Withdrawal Record)	Ⓓ
-	*615*	Amount Retained (from Step Two)	
=	*1,435*	**REFUND AMOUNT TO BE DISTRIBUTED**	

REFUND DISTRIBUTION—Prescribed by Law and Regulation

TOTAL REFUND *1,435*

1. Federal SLS Loan	
2. Unsubsidized Federal Stafford Loan	
3. Subsidized Federal Stafford Loan	
4. Federal PLUS Loan	
5. Unsubsidized Federal Direct Stafford Loan	
6. Subsidized Federal Direct Stafford Loan	
7. Federal Direct PLUS Loan	
8. Federal Perkins Loan	*155*
9. Federal Pell Grant	*1,200*
10. FSEOG	
11. Other Title IV Aid Programs	
12. Other Federal, State, private, or institutional aid	*80*
13. The student	

FEDERAL REFUND CALCULATION WORKSHEET

STEP ONE*

Unpaid Charges

*Scheduled SFA payments and FFEL/Direct late disbursements that have not yet been received, for which the student is still eligible in spite of having withdrawn, must be counted to reduce the student's scheduled cash payment. This includes late State aid disbursements as allowed under written State policy. (Scheduled payments from sources other than those above cannot be counted in this manner.)

	2,050	Total Institutional Costs (from Withdrawal Record)	A
-	*2,050*	Total Aid Paid to Inst. Costs* (also from Withdrawal Record)	G
=	*0*	**Scheduled Cash Payment (SCP)** (attribution not allowable)	
-	*0*	Student's Cash Paid (from Withdrawal Record)	
=	*0*	**UNPAID CHARGES**	

STEP TWO

Refund Amount

Generally, funds must be returned to the appropriate program account(s) within 30 days of the date of withdrawal, and to the lender within 60 days of the same.

	2,050	Federal Refund Calculation Inst. Costs (from Withdrawal Record)	A1
X	*50%*	% to be Refunded (from the regulatory policy)	
=	*1,025*	**REFUND AMOUNT TO BE DISTRIBUTED**	

***NOTE:** Because calculating a Federal Refund in this manner does not show the amount retained by the school, the subtraction of unpaid charges from that amount is also not shown. However, the unpaid charges amount must still be calculated for the student because the refund process may result in the school not keeping the full amount it is allowed to retain under the Federal Refund Policy. In such a case, the school may collect the remaining balance from the student (the unpaid charges amount).

BEST COPY AVAILABLE

REFUND DISTRIBUTION Prescribed by Law and Regulation

TOTAL REFUND

1. Federal SLS Loan ....
2. Unsubsidized Federal Stafford Loan ....
3. Subsidized Federal Stafford Loan ....
4. Federal PLUS Loan ....
5. Unsubsidized Federal Direct Stafford Loan ....
6. Subsidized Federal Direct Stafford Loan ....
7. Federal Direct PLUS Loan ....
8. Perkins Loan ....
9. Federal Pell Grant ....
10. FSEOG ....
11. Other Title IV Aid Programs ....
12. Other Federal, State, private, or institutional aid ....
13. The student ....

7

Accounting and Reporting Issues

CONTENTS

A. Case 1: Financial Responsibility

B. Case 2: FWS Funding Calculations

C. Case 3: FWS Funds Management

D. Case 4: FSEOG Funds Management

E. Case 5: Administrative Cost Allowance

F. Case 6: Matching FSEOG Funds

G. Case 7: General Ledger and Balance Sheet

H. Case 8: Drawing Down Federal Funds

I. Case 9: MEERS and ED/PMS Reporting

OBJECTIVES

By the end of this session, you will have hands-on experience in accounting for, managing, or reporting on the following areas:

- financial responsibility and financial statements
- campus-based program funding, including America Reads, transfers, and ACA
- ledgers and balance sheets
- funds needed for awards, including estimating, drawing down, and managing funds
- MEERS and ED/PMS

RESOURCES

- *The Blue Book*
- *The 1997-98 Federal Student Financial Aid Handbook*
- *Federal Register*, November 29, 1996 (Student Assistance General Provisions; revised requirements for compliance audits and financial responsibility standards)
- U.S. Department of Education (SFA) Audit Guide, Compliance Audits (Attestation Engagements) of the Federal Student Financial Assistance Programs at Participating Institutions, June 1995
- U.S. Department of Education (SFA) Audit Guide, Compliance Audits (Attestation Engagements) of the Federal Student Financial Assistance Programs at Participating Institutions, July 1997 Update
- OMB Circular A-133, Audits of State, Local Governments, and Other Nonprofit Organizations
- AICPA Statement on Standards for Attestation Engagements (SSAE) No. 3 on *Compliance Attestation*
- Policy Bulletin, June 26, 1997, Student Financial Assistance Programs, Policy Development Division, on "New Compliance Audit Requirements in the November 29, 1996 regulations."

Notes

A. CASE 1: FINANCIAL RESPONSIBILITY

You have New College's financial statements and accompanying notes on the following pages. The college is a private nonprofit institution.

1. Review New College's statements and notes, and make a list of any problems you find.
2. For each problem you find, consider possible solutions or strategies for New College.

Case 1. Financial Responsibility: Case Study Problem

NEW COLLEGE
STATEMENTS OF FINANCIAL POSITION
June 30, 1997 and 1996

	1997	1996
Cash and cash equivalents	$989,000	$579,000
Restricted cash	1,775,000	1,755,000
Accounts receivable, net of allowance of $400,000	1,583,000	1,395,000
Pledges receivable, net of allowance of $40,000	370,000	100,000
Other current assets	850,000	725,000
Total current assets	5,567,000	4,554,000
Pledges receivable, net of allowance of $50,000	450,000	400,000
Loans receivable, net of allowance of $350,000	1,811,000	1,857,000
Investments	75,450,000	62,560,000
Property, plant and equipment, less depreciation of $27,083,000	61,224,000	58,938,000
Total assets	$144,502,000	$128,309,000
Accounts payable	743,000	898,000
Accrued payroll	1,572,000	1,477,000
Tuition received in advance	2,714,000	2,437,000
Current notes and bonds payable	2,181,000	2,094,000
Total current liabilities	7,210,000	6,906,000
Government advances for student loans	1,009,000	979,000
Notes and bonds payable	38,525,000	39,218,000
Total liabilities	46,744,000	47,103,000
Net assets:		
Unrestricted:		
Designated for specific operating purposes	2,961,000	3,601,000
Designated for quasi-endowment	65,925,000	55,028,000
Net investment in plant	18,673,000	15,189,000
Total unrestricted	87,559,000	73,818,000
Temporarily restricted	5,670,000	4,124,000
Permanently restricted	4,529,000	3,264,000
Total net assets	97,758,000	81,206,000
Total liabilities and net assets	$144,502,000	$128,309,000

The accompanying notes are an integral part of the financial statements.

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Case 1. (cont'd)

NEW COLLEGE
STATEMENT OF ACTIVITIES
for the year ended June 30, 1997

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating:				
Revenue and other support:				
Tuition and fees	$38,969,000			$38,969,000
Federal Grants	155,000			155,000
Auxiliary services	10,659,000			10,659,000
Net assets used for operations	327,000	$192,000		519,000
Net assets released from restrictions	192,000	(192,000)		—
Total revenues and support	50,302,000			50,302,000
Expenses:				
Instruction	15,102,000			15,102,000
Public Service	265,000			265,000
Academic support	3,869,000			3,869,000
Student Services	5,668,000			5,668,000
Institutional support	4,575,000			4,575,000
Scholarships	7,728,000			7,728,000
Auxiliary services	9,834,000			9,834,000
Interest	2,887,000			2,887,000
Other	897,000			897,000
Total expenses	50,825,000			50,825,000
Increase (Decrease) in net assets from operations	(523,000)			(523,000)
Nonoperating:				
Private gifts and grants	1,951,000	79,000	264,000	2,294,000
Realized gains	3,227,000	345,000		3,572,000
Change in unrealized appreciation	2,395,000	425,000		2,820,000
Investment income	3,553,000	180,000		3,733,000
Net assets used for operations	(327,000)	(192,000)		(519,000)
Increase in net assets from nonoperating activities	10,799,000	837,000	1,265,000	11,900,000
Cumulative effect of change in accounting principle	3,465,000	709,000		4,174,000
Change in net assets	13,741,000	1,546,000	1,265,000	15,551,000
Net assets at beginning of year	73,818,000	4,124,000	3,264,000	81,206,000
Net assets at end of year	$87,559,000	$5,670,000	$4,529,000	$96,757,000

Case 1. (cont'd)

New College
Notes to Financial Statements

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements of New College have been prepared on the accrual basis and in accordance with the reporting principles of not-for-profit accounting.

The College has adopted Statement of Financial Accounting Standards (SFAS) No. 116, "Accounting for Contributions Received and Contributions Made," and SFAS No. 117, "Financial Statements of Not-for-Profit Organizations."

The categories permanently restricted, temporarily restricted, and unrestricted net assets, are defined as follows:

> **Unrestricted** — Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees.
>
> **Temporarily Restricted** — Net assets whose use is limited by law or donor-imposed stipulations that will either expire with the passage of time or be fulfilled by actions of the college.
>
> **Permanently Restricted** — Reflects the historical cost of gifts subject to donor-imposed stipulations, which require the corpus to be invested in perpetuity to produce income for general or specific purposes.

Effective July 19, 1996, the College adopted the provisions of SFAS No. 124, "Accounting for Certain Investments held by Not-for-Profit Organizations," and changed its method of valuing investments from cost to fair market value to more appropriately reflect its investment activities.

Cash and Cash Equivalents

Cash and cash equivalents include operating cash accounts, funds invested in money-market mutual funds available on a daily basis, and short-term investments with maturities from date of purchase of three months or less. The carrying amount of these cash equivalents is a reasonable estimate of fair value.

Restricted cash represents amounts on deposit with the trustee in accordance with bond requirements. These securities are primarily invested in money-market funds and are recorded at a cost that approximates market value.

Case 1. (cont'd)

Investments

Investments are recorded at fair market value. Cost represents the historical cost of investments. Purchases and sales of investments are recorded on a trade-date basis. Gains or losses from the sale of investment securities are computed on the specific identification-cost basis or, for pooled funds, on the average-cost basis.

Plant Assets

Plant assets are recorded at cost at the date of acquisition and at market value at the date of gift for donated assets. Depreciation is computed on a straight-line basis over the estimated useful lives of the individual assets.

Contracts and Grants

Government contracts and grants normally provide for the recovery of direct and indirect costs, subject to audit.

Gifts

Gifts, including unconditional promises to give (pledges), are recorded as revenue when the donor's commitment is received. Unconditional pledges are recorded at the present value of their expected cash flows, net of allowance. Conditional promises to give are not recognized until the conditions on which they depend are substantially met.

Accounts and Loans Receivable

Accounts and loans receivable are stated net of allowances for doubtful accounts. Loans receivable are principally amounts due from students under federally sponsored loan programs that are subject to significant restrictions. Accordingly, it is not practicable to determine the fair value of such amounts.

Endowment Spending Policy

Under the College's current endowment spending policy, up to 5% of the average of the market value of the qualifying endowment investments at the end of the previous three years may be appropriated for current operations.

Federal Income Tax

The College is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and, accordingly, does not pay income taxes.

Case 1. (cont'd)

B. INVESTMENTS

Investments at June 30,1997 and 1996 are as follows:

	1997	
	Cost	Fair Value
U.S. Government Obligations	$7,317,000	$7,407,000
Bonds	10,654,000	10,578,000
Stocks	50,490,000	57,465,000
Total	$68,461,000	$75,450,000

	1996	
	Cost	Fair Value
U.S. Government Obligations	$10,822,000	$10,839,000
Bonds	11,888,000	10,937,000
Stocks	35,850,000	40,784,000
Total	$58,560,000	$62,560,000

C. NOTES AND BONDS PAYABLE

Notes and bonds payable on June 30, 1997 and 1996 are as follows:

Housing and Urban Development issues (HUD)

Construction bonds of 1970 at an interest rate of 3.5%, due serially to 1999 (1)

Construction bonds of 1972 at an interest rate of 3.75%, due serially to 2005 (1)

Educational Facilities Financing Authority (EFFA)

Series A dated February 1, 1980, interest ranging from 3.5% to 7.5%, due serially on July 1 from 1981 to 2023 (1)

Total debt

(1) Collateralized by dormitories and academic buildings.

Sinking Fund Deposits with Trustees

In accordance with bond requirements, the College is to have on deposit with the trustee a sum equal to the amount of interest and principal due in one year. During 1997, the College was able to meet its debt requirement by utilizing these deposits. However, the balance as of June 30, 1997 is not sufficient to complete debt payments due in 1998.

D. RESTRICTED AUXILIARY ENTERPRISES

Under provisions of trust agreements, the revenues from certain auxiliary enterprises are required to be used for operating expenses and debt service of the facilities.

Notes

B. CASE 2: FWS FUNDING CALCULATIONS

You have information about Western State College's FWS allocation and needs on the following page.

Answer the five questions there about the college and its FWS funding.

Case 2. FWS Funding Calculations: Case Study Problem

Western State College received an FWS allocation of $1,000,000 for the current award year. The college does not plan to request a waiver of the community service requirement.

1. How much FWS money must this institution spend to meet the minimum percentage required for community service?

2. Western State College decides to award 50 community service jobs at an earning level of $1,000 per student. Using the minimum nonfederal match of 25%, how much will the institution actually expend for community service jobs from FWS funds? Does that amount meet the minimum percentage required?

3. Western State College realizes it must increase the number of community service jobs. However, it also decides to get involved in the America Reads initiative. If the college awards 14 community service jobs at $1,000 to students employed under the America Reads initiative as tutors in elementary schools, how much will be expended in FWS funds? How many additional community service jobs would the college still need to award using the minimum match of 25% to expend the minimum amount required for community service jobs?

4. If the college wanted to make more funds available for community service jobs, what could it do to generate extra dollars?

5. To qualify to apply for reallocated FWS funds, what is the minimum amount that an institution must have used to pay for community service wages from prior-year FWS funds?

Notes

C. CASE 3: FWS FUNDS MANAGEMENT

You have information about Midwest College's FWS funding and the situation in mid-June 1997 on the following page.

Analyze Midwest College's problem and propose a solution.

Case 3. FWS Funds Management: Case Study Problem

The time is mid-June 1997. You are the bursar at Midwest College, which has a $500,000 Federal Work-Study allocation for the 1996-97 award year. None of Midwest College's FWS jobs for 1996-97 were with for-profit employers, and the college will not begin participating in the America Reads initiative until 1997-98.

Because of serious weather and flooding conditions earlier this year, Midwest College had to close for a six-week period during March and April. As a result, 2,500 Federal Work-Study students were neither employed nor paid for six weeks, and the college is now projecting that student FWS earnings will be $60,000 less than expected by June 30, the end of the 1996-97 award year. The college president has just learned of the situation, and has told you he understands that not only will the college have to return FWS funds, but also that this will result in a lower FWS allocation in the 1997-98 award year.

What do you tell your president?

Notes

D. CASE 4: FSEOG FUNDS MANAGEMENT

You have information on the following page about ASAP University's campus-based allocations.

1. Can the federal FWS allocation be used to make up the shortfall in the federal FSEOG allocation? What federal funds would be available in the three campus-based programs?
2. Can the federal Perkins Loan allocation be used to make up the shortfall in the federal FSEOG allocation? What federal funds would be available in the three campus-based programs?

Case 4. FSEOG Funds Management: Case Study Problem

It is April 1997. ASAP University has just received its Official Notice of Funding for the 1997-98 award year from the U.S. Department of Education. The new campus-based allocations, along with those for the prior year, are shown below.

Federal Funds Allocated

	1997-98	1996-97
Perkins	$ 500,000	$ 480,000
FSEOG	$ 300,000	$ 500,000
FWS	$2,000,000	$1,900,000

The Title IV administrator at ASAP University is surprised at the FSEOG allocation. She had assumed that the university would receive an allocation that was at least equal to its 1996-97 award. Although the Federal Perkins and FWS allocations are slightly higher than the 1996-97 amounts, the FSEOG allocation is $200,000 less than the 1996-97 allocation.

The administrator is concerned because ASAP University's 1997-98 budget is almost finalized and she has already submitted her estimate of $500,000 for the FSEOG allocation to the budget office. Furthermore, she does not want to reduce the amount of grant funds for students. She is looking for ways to make the originally expected amount of $500,000 in federal funds available for FSEOG.

Notes

E. CASE 5: ADMINISTRATIVE COST ALLOWANCE

You have information on the following page about PDQ College's campus-based allocations and expenditures.

1. What amount of administrative cost allowance (ACA) can PDQ College claim for the campus-based programs?
2. If the college takes all of the ACA from FWS funds, what would the appropriate journal entry be?

Case 5. Administrative Cost Allowance: Case Study Problem

It is late June 1998. PDQ College had the following federal allocations and expenditures for its campus-based programs for award year 1997-98:

Perkins Federal Allocation	$ 900,000
Institutional Capital Contribution	$ 300,000
Perkins Loan Advances	$1,800,000
FSEOG Federal Allocation	$ 600,000
FSEOG Disbursements, Federal Share	$ 600,000
FSEOG Disbursements, Nonfederal Share	$ 200,000
FWS Federal Allocation	$3,300,000
FWS Gross Compensation, Federal Share	$3,000,000
FWS Gross Compensation, Nonfederal Share	$1,000,000

During the award year, PDQ College has not claimed any administrative cost allowance (ACA) for the campus-based programs. The college now wants to draw down the ACA and record this in its journal.

Notes

F. CASE 6: MATCHING FSEOG FUNDS

You have information on the following page about Large State University's audit.

- In this brief but pertinent example, explain why the auditor, after discussing the apparent problem with the university's comptroller, agreed that this did not call for an audit finding.

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Case 6. Matching FSEOG Funds: Case Study Problem

An auditor comes to Large State University and is reviewing Title IV funds for the award year just completed. The university's federal FSEOG allocation for that award year was $1,000,000.

After reviewing the general ledger, the auditor saw that the university spent the entire $1,000,000 federal share, but did not see the required 25% match being added to the fund. However, after discussion with the university's comptroller, the auditor agreed that the situation did not call for an audit finding.

How could this **not** be an audit finding?

Notes

G. CASE 7: GENERAL LEDGER AND BALANCE SHEET

You have information on the next page about Palm Tree College's fiscal activities under the Federal Perkins Loan Program.

1. What are the journal entries that the college should make to its general ledger in accounting for the Perkins Loan fund activities?
2. How would the **cash** and **loans receivable** accounts on the college's balance sheet be affected by these journal entries?

Case 7. General Ledger And Balance Sheet: Case Study Problem

Palm Tree College participates in the Federal Perkins Loan Program, but not in the Expanded Lending Option. The college draws down a $25,000 Federal Capital Contribution from its Federal Perkins Loan allocation. It then disburses $40,000 in Federal Perkins Loans to students' accounts. In addition, the college receives $3,000 in Federal Perkins Loan repayments, of which $2,500 is principal and $500 is interest.

What journal entries should the college make to its general ledger, and how would the cash and loans receivable accounts on the college's balance sheet be affected by these transactions?

Notes

H. CASE 8: DRAWING DOWN FEDERAL FUNDS

You have information on the following page about RSVP Institute's drawdown of federal funds in award year 1996 and for September 1997.

- Analyze RSVP Institute's handling of the cash drawn down in September 1997. When the institute is audited, should it receive an audit finding for its handling of the September 1997 drawdown?

Case 8. Drawing Down Federal Funds: Case Study Problem

During award year 1996-97, RSVP Institute drew down a total of $900,000 in federal Title IV program funds. Each September, approximately 40% of the institute's students start classes.

On Tuesday September 9, 1997, RSVP Institute receives its requested drawdown of $340,000 in Title IV funds. On Wednesday September 10, the institute disburses $105,000 of these federal funds in awards to students' accounts. On Thursday, September 11 and Friday, September 12, the institute disburses a further $105,000 of these federal funds each day in awards to students' accounts. After the weekend, the institute disburses $5,000 each business day, disbursing the remaining $5,000 of federal funds on Friday, September 19.

Is there any problem in the way RSVP Institute handled its federal funds in September 1997?

Notes

I. CASE 9: MEERS AND ED/PMS REPORTING

You have information on the following pages about QED College's ED/PMS 272 Report on MEERS and the college's cash control account.

- Examine the discrepancies between the ED/PMS 272 Report on MEERS and QED College's own cash control account. What would you do about the discrepancies? What might you look for? What steps could you take to research and resolve these discrepancies?

Case 9. MEERS and ED/PMS Reporting: Case Study Problem

In February, you start a new job at QED College with accounting and reporting responsibilities for Title IV program funds. The position was vacant for three months prior to your start date. During that three-month period, an administrative staff member at the college had been temporarily assigned to fill in.

One of your first tasks, to complete the ED/PMS 272 Report on MEERS for the month of January, poses some problems. The MEERS report for January shows a beginning cash-on-hand balance of -$12,000, while your school's accounting records show a beginning cash-on-hand balance of $24,000 (see the next page).

In addition, since the January disbursements were for the upcoming winter quarter, you think the Cumulative Disbursements on the MEERS report are overstated.

What would you do? What might you look for? What steps could you take to research and resolve these discrepancies?

Case 9. (cont'd)

QED College Cash Control Account Record

		Received	Disbursed
Cash Balance as of 12/30/XX		$24,000	
Jan 3	Federal Pell Grant	$450,000	
Jan 3	FSEOG	$ 15,000	
Jan 3	FWS	$ 60,000	
Jan 4	Federal Pell Grant		$449,748
Jan 4	FSEOG		$ 87,272
Jan 4	FWS		$ 30,475
Cash Balance as of 01/31/XX		- $18,495	

MEERS Report Before Net Disbursements Are Posted

DEPARTMENT OF EDUCATION
PAYMENT MANAGEMENT SYSTEM
MONTHLY ELECTRONIC EXPENDITURE REPORTING SYSTEM

PIN/ACCT TYPE:	IZZZG	RECIPIENT ENTITY NUMBER:	10660000000A1
PER END DATE:	XX/04/30	INTEREST INCOME:	0.00
BEG COH (1):	-12,000.00	INTEREST REMITTED (Y/N):	N
ADVANCED (2):	525,000.00	ADJUSTMENTS (4):	0.00

DOCUMENT NUMBER	INSTITUTION CONTROL NO.	AUTHORIZED AMOUNT	CUMULATIVE DISBURSEMENTS PER EDPMS	NET DISBURSEMENTS FOR THE MONTH
EE008540060		1597450.00	1026325.00	
EE008640060		428760.00	211200.00	
EE008740060		273542.00	132500.00	
TOTALS		2299752.00	1370025.00	

Notes

8 Grant Administration and Payment System (GAPS)

CONTENTS

- **A. Education Central Automated Processing System (EDCAPS)**
- **B. Grant Administration and Payment System (GAPS)**
  1. General Information
  2. Changes in How You Request Funds
  3. Changes in How You Report Expenditures
  4. Benefits of GAPS and Changes in Procedures
  5. Title IV Programs Affected
  6. Implementation Schedule
  7. Preparing for GAPS Implementation
  8. Important Terms

  Quiz 1: New Procedures Under GAPS
- **C. Using GAPS**
  1. Accessing GAPS
  2. External Access Screens — Summary
  3. External Access Screens — Detailed Screens
- **D. Expenditure Reporting**
  1. The Federal Cash Quarterly Confirmation Statement
  2. Completing the Federal Cash Award Certification Statement
- **E. Case Study: Completing the Federal Cash Award Certification Statement**

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OBJECTIVES

By the end of this session, you will be able to:

- explain the U.S. Department of Education's new procedures for requesting funds, adjusting drawdowns, and reporting expenditures under the Grant Administration and Payment System, known as GAPS
- prepare for using GAPS online following the new procedures
- request funds by award and adjust drawdowns after funds have been received
- manage funds using the new Federal Cash Quarterly Confirmation Statement
- report expenditures using the new Federal Cash Award Certification Statement

RESOURCES

- A "GAPS User's Guide" will be sent to all payees by early December 1997. The "GAPS User's Guide" will show business office personnel how to follow the new procedures for drawing down and reporting on ED funds, how to complete the new Federal Cash Award Certification Statement, and how to navigate through GAPS.
- Information on GAPS can be found at ED's Web page at:
  http://www.ed.gov/offices/OCFO/
  This Web page is updated regularly and houses the latest information on GAPS and the new procedures.
- A brochure on ED's changes in the drawdown and reporting procedures serves as a useful quick reference. It is titled "Your U.S. Department of Education Funds: A Pocket Guide to ED's Changes in Drawdown and Reporting Procedures" (July 1997). A copy of the brochure can be obtained by contacting your OCFO payment account representative. You can also contact your OCFO payment account representative directly if you have questions about GAPS or need additional information. If you do not know your account representative, call the Financial Payments Group at (202) 401-1237 for an automated listing of account representatives by state.

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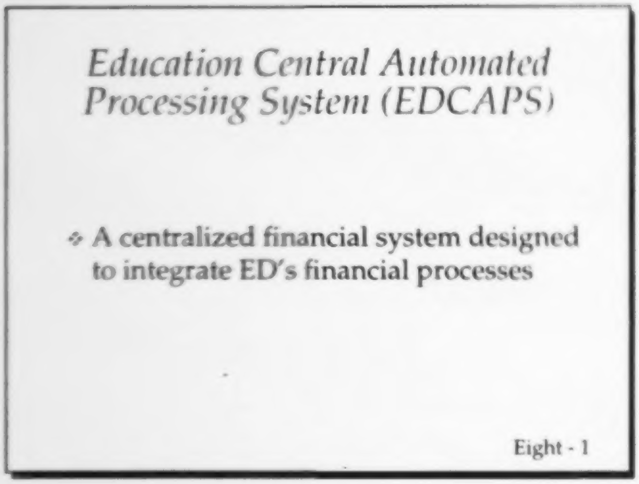
A. EDUCATION CENTRAL AUTOMATED PROCESSING SYSTEM (EDCAPS)

Notes



Education Central Automated Processing System (EDCAPS)

- A centralized financial system designed to integrate ED's financial processes

Eight - 1

- EDCAPS is a centralized financial management system designed to integrate ED's separate financial processes including:
  - financial management,
  - contracts and purchasing,
  - grants administration, and
  - payment management.

- Currently, these financial processes are in several separate stand-alone systems, such as the Education Payment Management System (ED/PMS).

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Notes

EDCAPS' Four System Modules

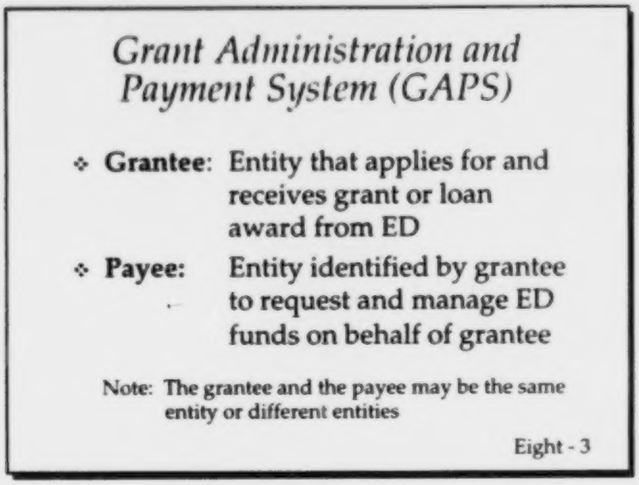
- Financial Management Systems Software (FMSS),
- Contracts and Purchasing Support System (CPSS),
- Recipient System (RS), AND
- **Grant Administration and Payment System (GAPS)**

Eight - 2

- EDCAPS is designed to improve ED's financial management performance by integrating four system modules into a single system.
- The EDCAPS module that affects schools directly is the Grant Administration and Payment System (GAPS):
  - GAPS will replace ED/PMS and is the focus of the remainder of this session.

Notes

B. GRANT ADMINISTRATION AND PAYMENT SYSTEM (GAPS)



Grant Administration and Payment System (GAPS)

- **Grantee**: Entity that applies for and receives grant or loan award from ED
- **Payee**: Entity identified by grantee to request and manage ED funds on behalf of grantee

Note: The grantee and the payee may be the same entity or different entities

Eight - 3

1. General Information

- By housing the complete grant cycle, GAPS provides full financial management support services in a single system.
- Functions supported by GAPS include everything from obligation of award authorizations to disbursing funds, from annual certification of expenditures to final grant close-out.
- In addition, GAPS controls payments for ED's student financial aid (SFA) program funds, including Direct Loans, as well as various other program-related obligations.
- GAPS uses the latest in funds-delivery systems and financial management technologies.
- Along with the implementation of GAPS, ED is also changing its current procedures for how you receive and manage ED funds.
- These procedural changes fall into two categories:
  - requesting funds
  - reporting expenditures

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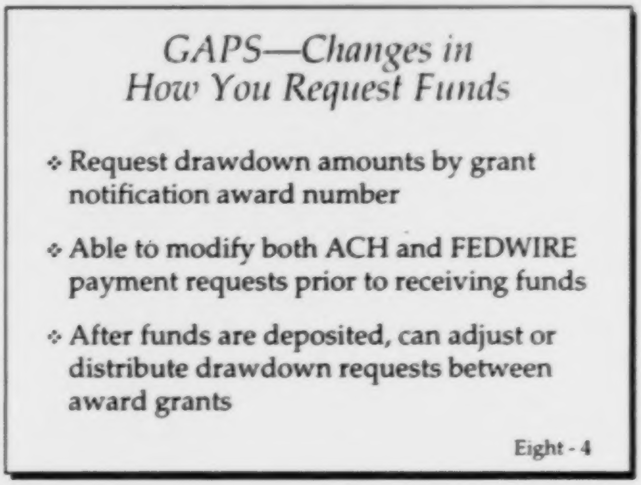
Notes

2. Changes in How You Request Funds

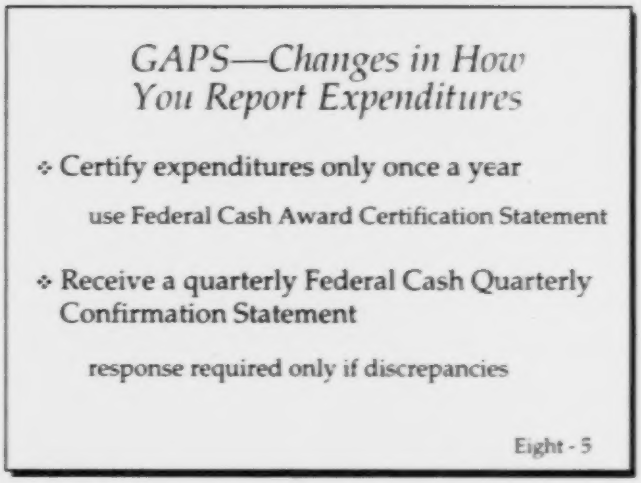


GAPS—Changes in How You Request Funds

- Request drawdown amounts by grant notification award number
- Able to modify both ACH and FEDWIRE payment requests prior to receiving funds
- After funds are deposited, can adjust or distribute drawdown requests between award grants

Eight - 4

3. Changes in How You Report Expenditures



GAPS—Changes in How You Report Expenditures

- Certify expenditures only once a year

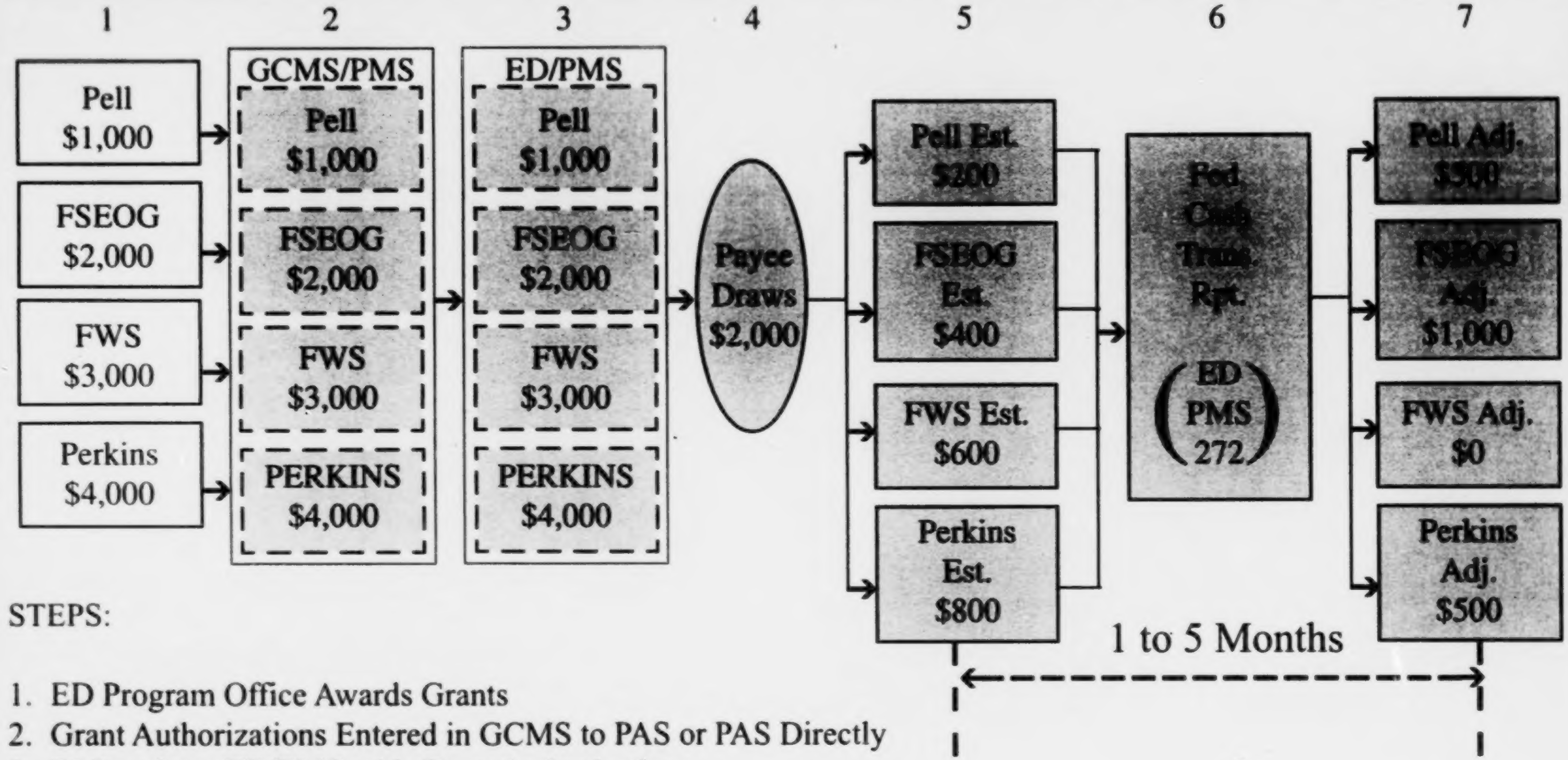
  use Federal Cash Award Certification Statement

- Receive a quarterly Federal Cash Quarterly Confirmation Statement

  response required only if discrepancies

Eight - 5

Current Process



1 2 3 4 5 6 7

Pell $1,000
FSEOG $2,000
FWS $3,000
Perkins $4,000

GCMS/PMS
Pell $1,000
FSEOG $2,000
FWS $3,000
PERKINS $4,000

ED/PMS
Pell $1,000
FSEOG $2,000
FWS $3,000
PERKINS $4,000

Payee Draws $2,000

Pell Est. $200
FSEOG Est. $400
FWS Est. $600
Perkins Est. $800

Fed. Cash Trans. Rpt. (ED PMS 272)

Pell Adj. $500
FSEOG Adj. $1,000
FWS Adj. $0
Perkins Adj. $500

1 to 5 Months

STEPS:

1. ED Program Office Awards Grants
2. Grant Authorizations Entered in GCMS to PAS or PAS Directly
3. PAS updates ED/PMS with Grant Authorizations
4. Institution Draws Pool of Funds without Identifying Intended Use
5. ED/PMS Estimates Institution's Use of Funds
6. Institution Reports Expenditures by Grant Award (monthly/quarterly)
7. ED/PMS Adjusts Estimated Use of Funds Based on Actual Expenditures Reported

* *Direct Loans is a separate processing stream*

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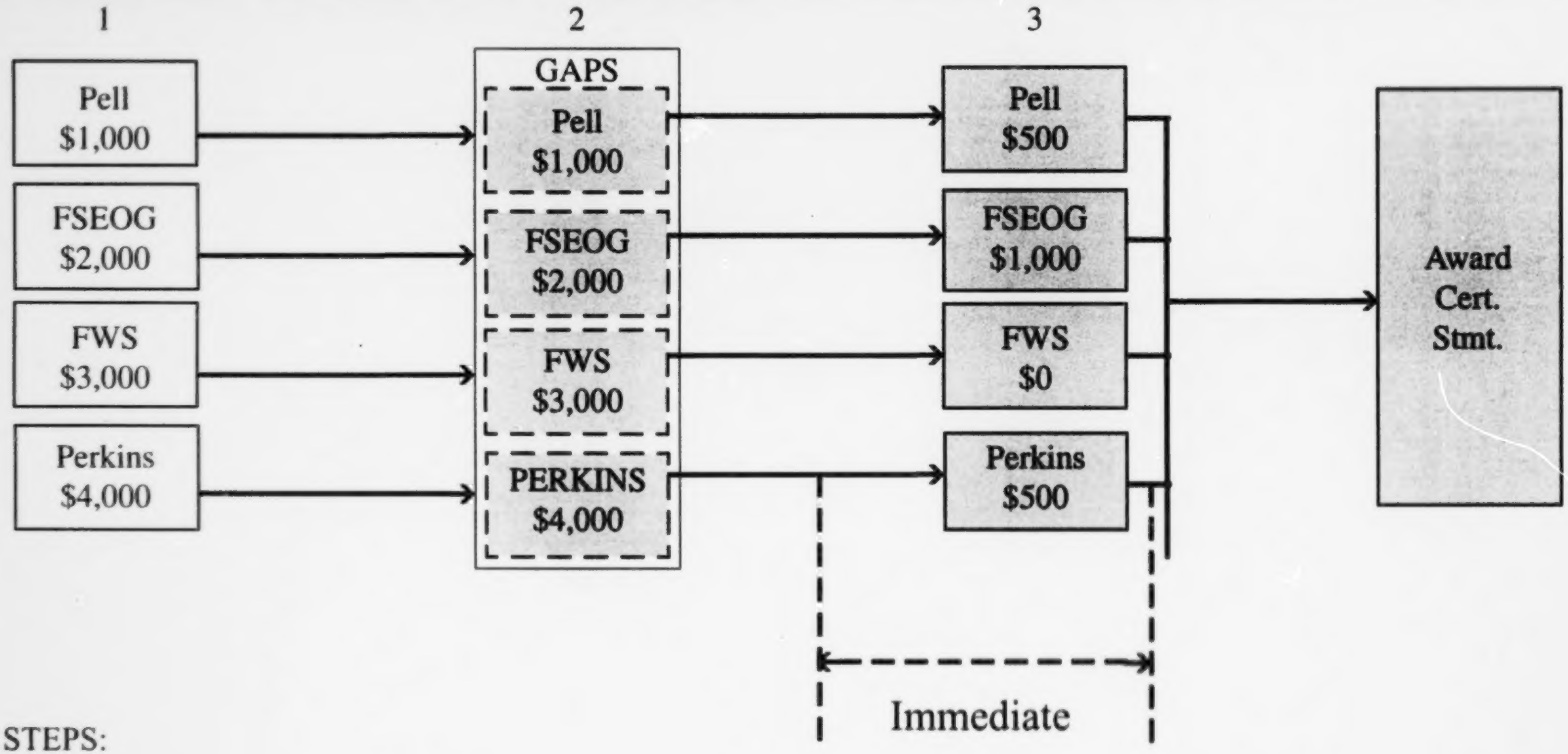
The current ED/PMS and future GAPS drawdown and reporting procedures are shown in the charts on the next two pages.

Notes

Future Process



1

Pell
$1,000

FSEOG
$2,000

FWS
$3,000

Perkins
$4,000

2

GAPS

Pell
$1,000

FSEOG
$2,000

FWS
$3,000

PERKINS
$4,000

3

Pell
$500

FSEOG
$1,000

FWS
$0

Perkins
$500

Award
Cert.
Stmt.

Immediate

STEPS:

1. ED Program Office Awards Grants
2. Grant Authorization Entered in Grants Administration and Payments System (GAPS)
3. Institution Draws Funds by Award
4. Institution Certifies Expenditures by Grant Award (annually)

** Direct Loans is a separate processing stream*

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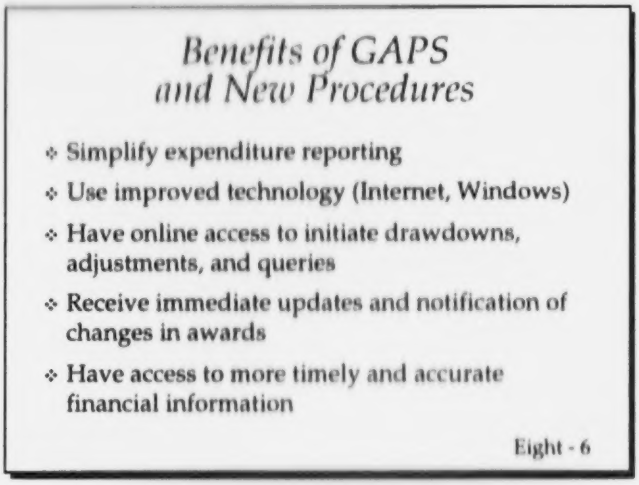
Notes

4. Benefits of GAPS and Changes in Procedures

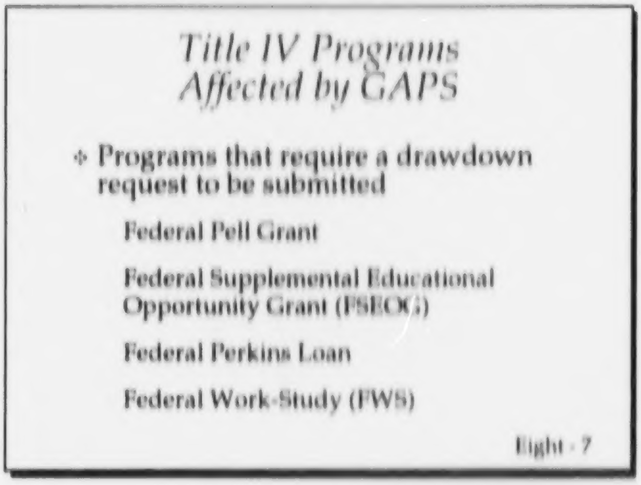


Benefits of GAPS and New Procedures

- Simplify expenditure reporting
- Use improved technology (Internet, Windows)
- Have online access to initiate drawdowns, adjustments, and queries
- Receive immediate updates and notification of changes in awards
- Have access to more timely and accurate financial information

Eight - 6

5. Title IV Programs Affected



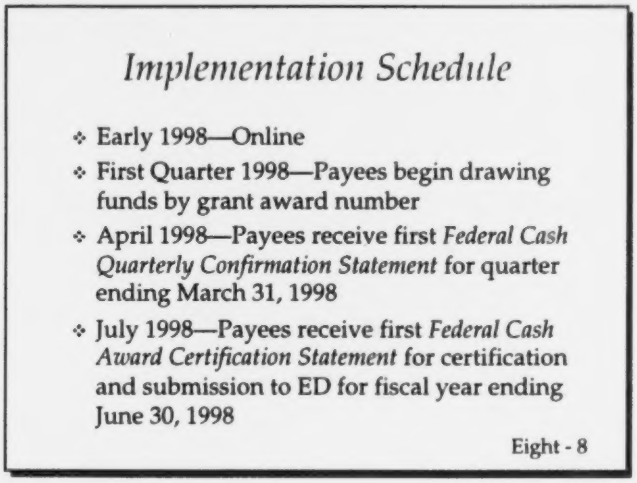
Title IV Programs Affected by GAPS

- Programs that require a drawdown request to be submitted
  - Federal Pell Grant
  - Federal Supplemental Educational Opportunity Grant (FSEOG)
  - Federal Perkins Loan
  - Federal Work-Study (FWS)

Eight - 7

6. Implementation Schedule

Notes



Implementation Schedule

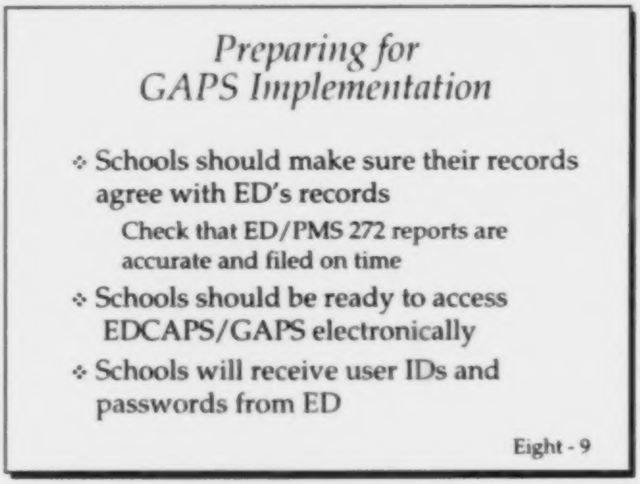
- Early 1998—Online
- First Quarter 1998—Payees begin drawing funds by grant award number
- April 1998—Payees receive first *Federal Cash Quarterly Confirmation Statement* for quarter ending March 31, 1998
- July 1998—Payees receive first *Federal Cash Award Certification Statement* for certification and submission to ED for fiscal year ending June 30, 1998

Eight - 8

- When payees receive their Award Certification Statement in July 1998, they will certify expenditures and cash balances and return the signed statement to ED by the specified due date.
- Note: Payees will receive an initial Award Certification Statement at the time they convert to GAPS. Payees will use this statement to certify that their awards and award information were accurately converted from ED/PMS to GAPS.

Notes

7. Preparing for GAPS Implementation



Preparing for
GAPS Implementation

- Schools should make sure their records agree with ED's records

  Check that ED/PMS 272 reports are accurate and filed on time
- Schools should be ready to access EDCAPS/GAPS electronically
- Schools will receive user IDs and passwords from ED

Eight - 9

1. Accurate Records
   - Be sure ED/PMS 272 reports are in order.
   - Contact your ED payment account representative for a Payment and Expenditure Statement (PES).
   - Verify proper conversion from ED/PMS to GAPS.
2. Software and Hardware Requirements
   - Web browser (for example, Netscape Navigator 2.0 or later version, or Microsoft Internet Explorer 2.0 or later version)
   - Hardware and operating system required to support Web browser
3. User IDs and Passwords
   - Obtain user ID and password from ED
   - Payees can have up to five users authorized to access GAPS
4. DUNS number
   - Obtain Dun & Bradstreet Universal Numbering System (DUNS) number (to obtain a DUNS number or to determine if you already have one, contact Dun & Bradstreet at **1-800-333-0505**)
   - DUNS number replaces Payee Identification Number, Entity Identification Number, and Account Number

8. Important Terms

Notes

Grantee: An entity that applies for and receives a grant award from the U.S. Department of Education. The grantee is responsible for ensuring that the grant is administered according to program regulations.

Payee: An entity identified by the grantee as allowed to request and manage federal funds on behalf of the grantee. The grantee and payee can be the same entity or they can be different entities. Below are two examples of the grantee/payee relationship:

Grantee is the payee

- ABC University is eligible to participate in Title IV programs and receives a Pell Grant (grantee). ABC University requests its own funds and reports expenditures (that is, ABC university is both the grantee and payee).

Grantee with a payee

- ABC University is eligible to participate in Title IV programs and receives a Pell Grant (grantee). The state of Virginia requires ABC's funds to be deposited in the state treasurer's central account. The state of Virginia will request funds and report expenditures on ABC's behalf (that is, ABC University is the grantee and the state of Virginia is the payee). ABC University will then use these funds to provide financial aid to students and for other program purposes.

DUNS Number: All of the information concerning a grantee and payee is organized in GAPS by a unique identifier—the DUNS number. Grantees and payees will use the DUNS number to identify themselves when contacting their payment account representative for questions concerning their grant awards. DUNS is an acronym that stands for Dun & Bradstreet Universal Numbering System; it is a unique nine-digit identification code assigned by Dun & Bradstreet (D&B). The DUNS number will replace the Payee Identification Number (PIN), Entity Identification Number (EIN), and Account Number. Many schools already have DUNS numbers.

Award Number: Under GAPS, payees will request ED funds by grant award number. The grant award number is a unique, eleven-character number that identifies each grant award issued by a specific program office to a specific grantee. The grant award number can be found on the grant award notifications issued to grantees by ED program offices.

Notes

- Note: The award notification number in the current system has ten characters. Under GAPS, a second fiscal year character has been added so the system can handle year 2000 transactions; this will make it an eleven-character number.

Award Periods: Awards issued to grantees enter several different periods over time. The length of the award periods vary by program. These periods include:

- **Performance Period** — The period of time between the grant award "begin date" and the grant award "end date" when the grantee performs the requirements of the grant award. During this time, a payee may request funds and report expenditures on the award. Once the performance period ends, a grant award begins the close-out process. The close-out process includes the following periods: liquidation, suspension, and close-out.
- **Liquidation Period** — Liquidation is the period immediately following the end of the performance period. During liquidation, no new obligations may be made on an award, but payment requests may still be processed for expenditures incurred during the performance period. Payees can also report expenditures during this period.
- **Suspension Period** — The suspension period follows liquidation. During the suspension period, payees can only report expenditures.
- **Close-Out Period** — Close-out follows the suspension period. During this period, the award is closed and any undrawn funds are deobligated.

Test Yourself Quiz 1

New Procedures Under GAPS

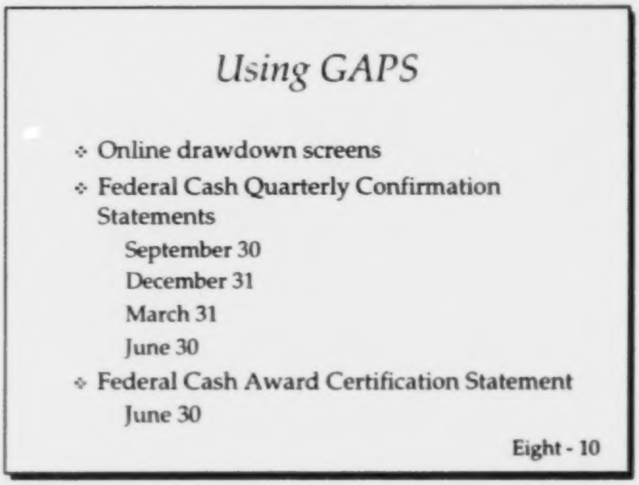
1. Under GAPS, how often will payees certify their expenditures?
   - a. Quarterly
   - b. Annually
   - c. Monthly
   - d. Semi-annually

2. Programs affected by both the implementation of GAPS and the new drawdown and reporting procedures include (you may select more than one answer):
   - a. Pell Program
   - b. Federal Family Education Loan (FFEL) Program
   - c. Discretionary and formula grant programs that require a payee to submit a drawdown request.
   - d. Direct Loan Program

3. The award periods where a payee can draw funds are:
   - a. Performance
   - b. Liquidation
   - c. Suspension
   - d. Close-out
   - e. a and b
   - f. a and c

Notes

C. USING GAPS



Using GAPS

- Online drawdown screens
- Federal Cash Quarterly Confirmation Statements
  - September 30
  - December 31
  - March 31
  - June 30
- Federal Cash Award Certification Statement
  - June 30

Eight - 10

1. Accessing GAPS

- Via Internet on ED's Web page
  - computer
  - graphical user interface (such as Windows)
  - Web browser
  - user ID
  - password

2. External Access Screens—Summary

- See chart on next page.

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External Access Screens — Summary Chart

GAPS Screen	Description
Logon	A user (payee) first logs on to GAPS using the Logon Screen. The user enters a user ID and a password.
Main Menu	After logging on, the user sees the GAPS Main Menu Screen, where he/she can select one of the following submenus: Payment Requests, Expenditure Reporting, or Password Maintenance. The user may also exit at this time.
Payment Requests	When the user clicks on the "Payment Requests" button on the GAPS Main Menu Screen, GAPS displays the Payments Request Screen. In this screen, the user is able to select from one of the following functions: • Create Payment Requests—allows user to create new payment requests • Modify Payment Requests—allows user to modify or cancel payment requests • View Payment Requests—allows user to view all completed and pending payment requests • Adjust Drawdown Amounts—allows user to adjust drawdown amounts between awards (that is, after the funds were deposited in a bank account), as long as the net is zero • View Authorization History—allows user to view all authorization changes made to school's awards • Create Direct Loan Payment Requests—allows user to create new payment requests for Direct Loan funds • Modify Direct Loan Payment Requests—allows user to modify or cancel Direct Loan payment requests • Adjust Direct Loan Drawdown Amounts—allows user to adjust Direct Loan drawdown amounts, as long as the net is zero • Return to Main Menu—allows user to exit the Payment Requests Screen and return to the GAPS Main Menu Once the user selects one of the above functions (buttons), he/she uses a series of different screens to carry out the desired task.
Expenditure Reporting	When the user clicks on the "Expenditure Reporting" button on the GAPS Main Menu Screen, GAPS displays the Expenditure Reporting Screen. In this screen, the user is able to select one of the following functions: • Federal Cash Quarterly Confirmation Statement—allows user to retrieve and view the quarterly confirmation statement online. The user may also print a hard copy of this statement. • Federal Cash Award Certification Statement—allows user to retrieve and review the award certification statement and report cumulative cash expenditures online. • Return to Main Menu—allows user to exit the Expenditure Reporting Screen and return to the GAPS Main Menu Screen. Once the user selects one of the above functions (buttons), he/she uses a series of different screens to carry out the desired task.
Password Maintenance	When the user clicks on the "Password Maintenance" button on the GAPS Main Menu Screen, GAPS displays the Password Maintenance Screen. In this screen, the user is able to change his/her password used to log on to GAPS.

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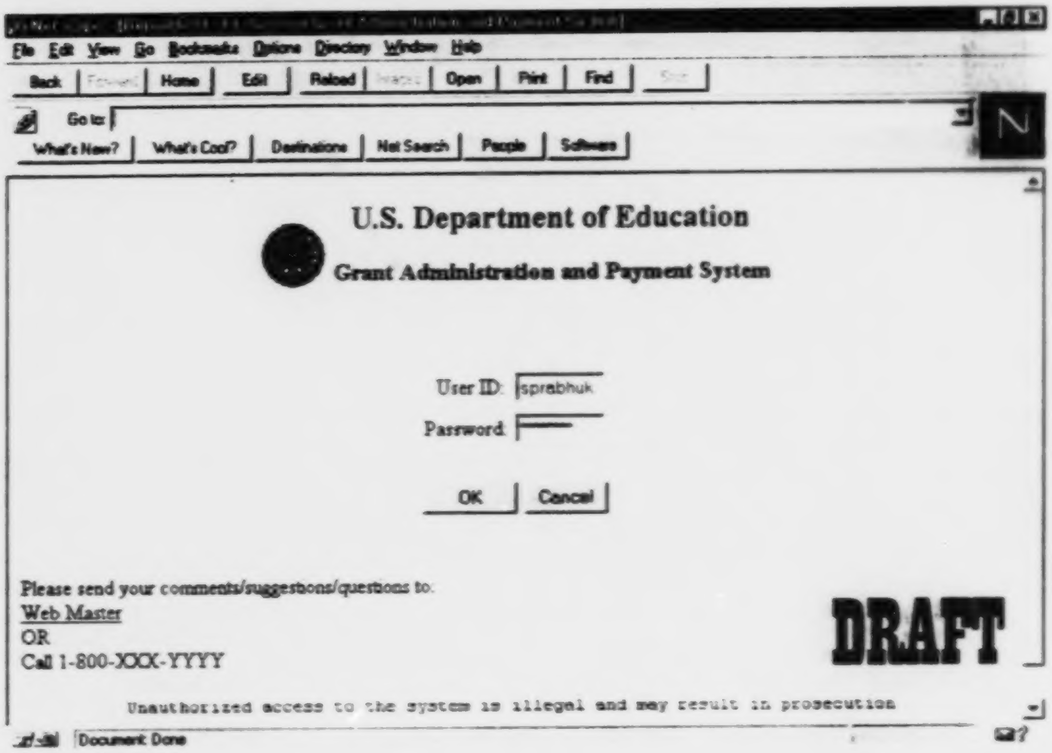
Notes

3. External Access Screens—Detailed Screens

a. Logging On

- When user (an individual authorized by the payee to access GAPS) reaches GAPS Web page, first screen is **GAPS Logon** screen (Figure A).

Figure A: GAPS Logon Screen


File Edit View Go Bookmarks Options Directory Window Help
Back Forward Home Edit Reload Images Open Print Find Stop
Go to:
What's New? What's Cool? Destinations Net Search People Software
OK Cancel
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N

U.S. Department of Education

Grant Administration and Payment System

User ID: sprabhuk

Password:

Please send your comments/suggestions/questions to:
Web Master
OR
Call 1-800-XXX-YYYY

Unauthorized access to the system is illegal and may result in prosecution

Document: Done

- To access GAPS, enter user ID and password (assigned by ED).
- After typing user ID and password, submit information by clicking "OK" button or clear information by clicking "Cancel" button.
- When user clicks "OK," GAPS will validate the entered user ID and password information and, if correct, will retrieve payee information associated with user.

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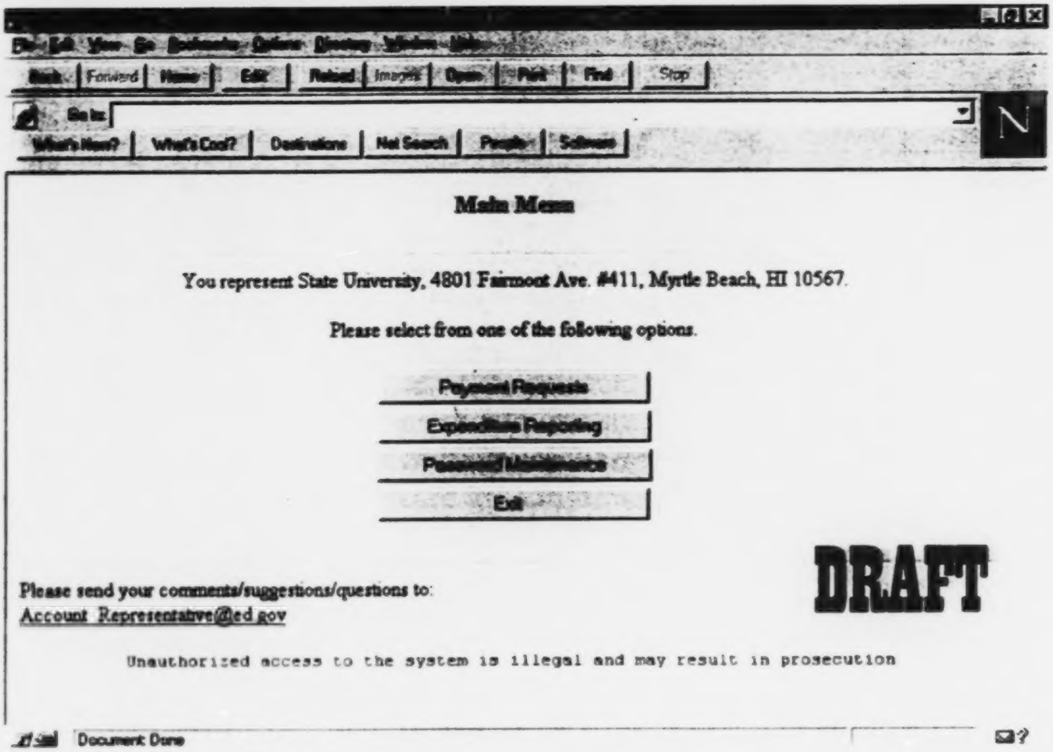
Notes

b. GAPS Main Menu

- After you log on, GAPS "**Main Menu**" screen appears (Figure B).

Figure B: GAPS Main Menu


File Edit View Go Bookmarks Options Directory Window Help
Back
Forward
Home
Edit
Reload
Images
Open
Print
Find
Stop
Go to:
What's New?
What's Cool?
Destinations
Net Search
People
Software
N
Payment Requests
Expenditure Reporting
Password Maintenance
Exit
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Document: Done

Main Menu

You represent State University, 4801 Fairmont Ave. #411, Myrtle Beach, HI 10567.

Please select from one of the following options.

Please send your comments/suggestions/questions to:
Account_Representative@ed.gov

Unauthorized access to the system is illegal and may result in prosecution

- At this screen, you can choose the function you wish to perform by clicking on button for "Payment Requests," "Expenditure Reporting," or "Password Maintenance."
- You can also exit at this time by clicking "Exit" button.

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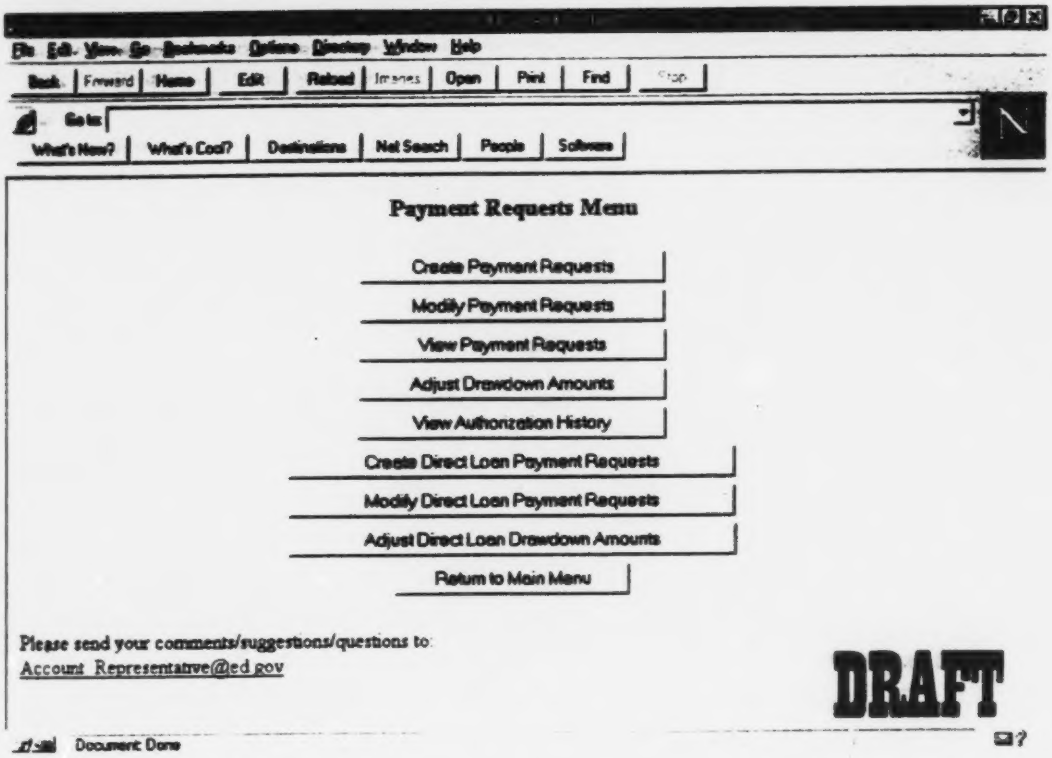
Notes

c. Payment Requests

- When you click on "Payment Requests" button on GAPS "Main Menu" screen, GAPS displays **"Payment Requests"** screen (Figure C).

Figure C: Payment Requests Screen


File Edit View Go Bookmarks Options Directory Window Help
Back
Forward
Home
Edit
Reload
Images
Open
Print
Find
Stop
Go to:
What's New?
What's Cool?
Destinations
Net Search
People
Software
Payment Requests Menu
Create Payment Requests
Modify Payment Requests
View Payment Requests
Adjust Drawdown Amounts
View Authorization History
Create Direct Loan Payment Requests
Modify Direct Loan Payment Requests
Adjust Direct Loan Drawdown Amounts
Return to Main Menu
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Document: Done

Please send your comments/suggestions/questions to:
Account_Representative@ed.gov

- At this screen, you can select one of the following functions (by clicking on appropriate button):
  - create payment requests,
  - modify payment requests,
  - view payment requests,
  - adjust drawdown amounts,
  - view authorization history,
  - create Direct Loan payment requests,
  - modify Direct Loan payment requests,
  - adjust Direct Loan drawdown amounts, and
  - return to the main menu.

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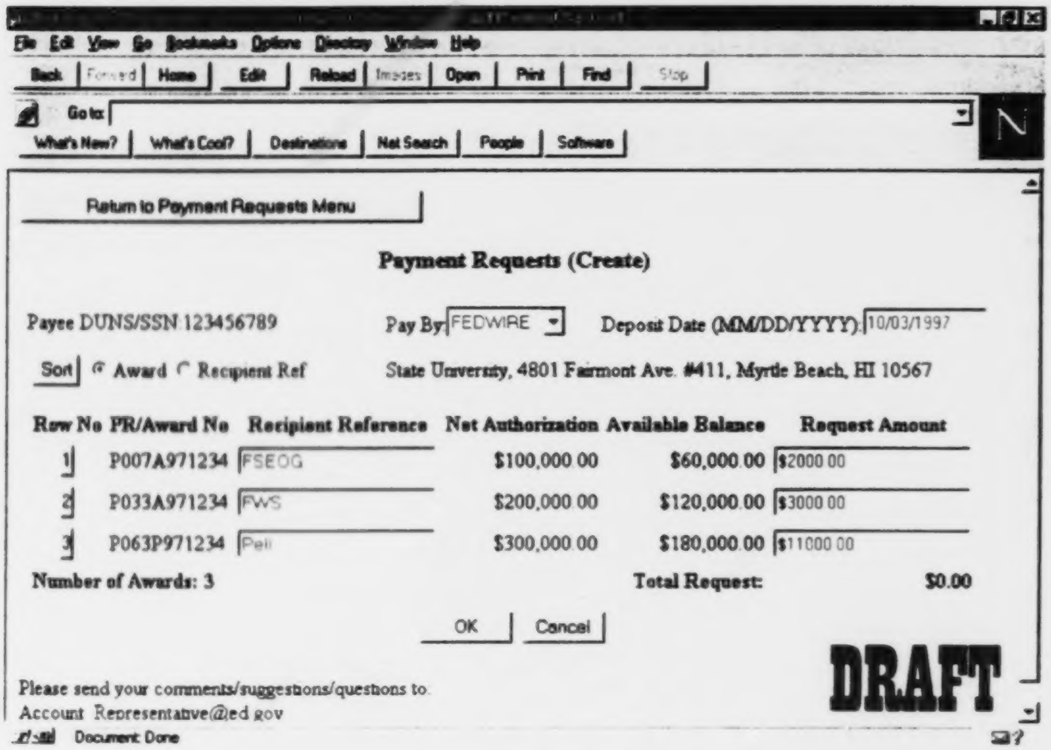
Notes

d. Create Payment Requests

- When you select "Create Payment Requests" from Payment Requests menu, GAPS displays "Payment Requests (Create)" screen (Figure D1).

Create Payment Requests

Figure D1: Payment Requests (Create) Screen


File Edit View Go Bookmarks Options Directory Window Help
Back Forward Home Edit Reload Images Open Print Find Stop
Go to:
What's New? What's Cool? Destinations Net Search People Software
Return to Payment Requests Menu
Sort
OK Cancel
Document: Done

Payment Requests (Create)

Payee DUNS/SSN 123456789

Pay By: FEDWIRE

Deposit Date (MM/DD/YYYY): 10/03/1997

Sort ● Award ○ Recipient Ref

State University, 4801 Fairmont Ave. #411, Myrtle Beach, HI 10567

Row No	PR/Award No	Recipient Reference	Net Authorization	Available Balance	Request Amount
1	P007A971234	FSEOG	$100,000.00	$60,000.00	$2000.00
2	P033A971234	FWS	$200,000.00	$120,000.00	$3000.00
3	P063P971234	Pell	$300,000.00	$180,000.00	$11000.00

Number of Awards: 3

Total Request: $0.00

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Please send your comments/suggestions/questions to:
Account_Representative@ed.gov

- This screen displays a complete list of all awards and their corresponding authorizations and available balances for which drawdowns can be initiated.
- Drawdowns can be initiated for awards in either the performance or liquidation period.
- In this example, payee has three awards for which it can draw funds.
- Fields where you can enter data are white.

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Notes

- User may enter data in the following fields:

Field	Description
Pay By	User can specify whether the payment request will be sent by ACH or FEDWIRE. GAPS will default the method of transmission to the one set for the payee.
Deposit Date	User can select a deposit date up to 30 days from the request date. The default date of deposit for ACH is the current date plus two days. For FEDWIRE, the default date is the current date if the current time is less than or equal to 12:30 pm (Eastern) or else current date plus one day.
Recipient Reference	The recipient reference is a payee-assigned name for each award.
Request Amount	Enter the amount of funds requested for each award.

- Key features of this screen include being able to:
  - Sort the awards listed in the screen by award number or recipient reference by clicking the appropriate radio-button and clicking "Sort."
  - Retrieve detailed information on an award by clicking the "Row Number" button. When you click the "Row Number" button, GAPS displays the "**Award Details**" screen (Figure D2).

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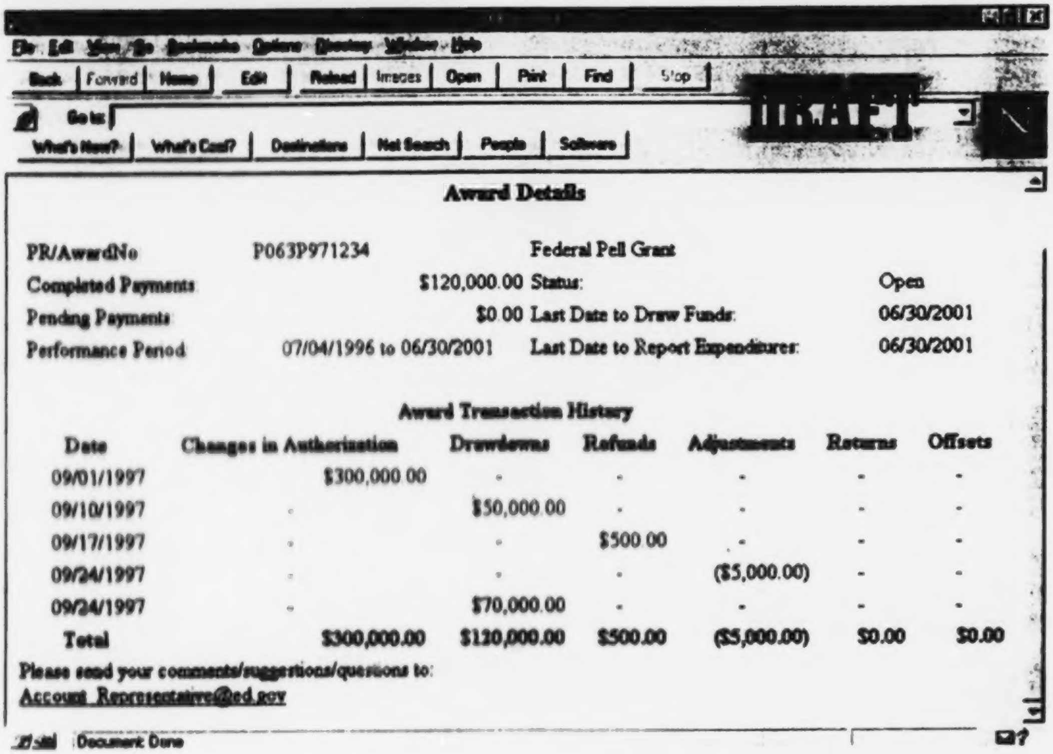
Notes

Create Payment Requests

Figure D2: Award Details Screen


File Edit View Go Bookmarks Options Directory Window Help
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What's Cool?
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Net Search
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Award Details

PR/AwardNo P063P971234 Federal Pell Grant
Completed Payments $120,000.00 Status: Open
Pending Payments $0.00 Last Date to Draw Funds: 06/30/2001
Performance Period 07/04/1996 to 06/30/2001 Last Date to Report Expenditures: 06/30/2001

Award Transaction History

Date	Changes in Authorization	Drawdowns	Refunds	Adjustments	Returns	Offsets
09/01/1997	$300,000.00	-	-	-	-	-
09/10/1997	-	$50,000.00	-	-	-	-
09/17/1997	-	-	$500.00	-	-	-
09/24/1997	-	-	-	($5,000.00)	-	-
09/24/1997	-	$70,000.00	-	-	-	-
Total	$300,000.00	$120,000.00	$500.00	($5,000.00)	$0.00	$0.00

Please send your comments/suggestions/questions to:
Account_Representative@ed.gov

- The information displayed for the selected award includes:
  - award number
  - program title
  - completed payments
  - pending payments
  - award status (that is, open/performance or liquidation award period)
  - performance period for award
  - last date to draw funds
  - last date to report expenditures
  - a history of transactions since award's inception (including authorizations, drawdowns, refunds, adjustments, returns, and offsets).

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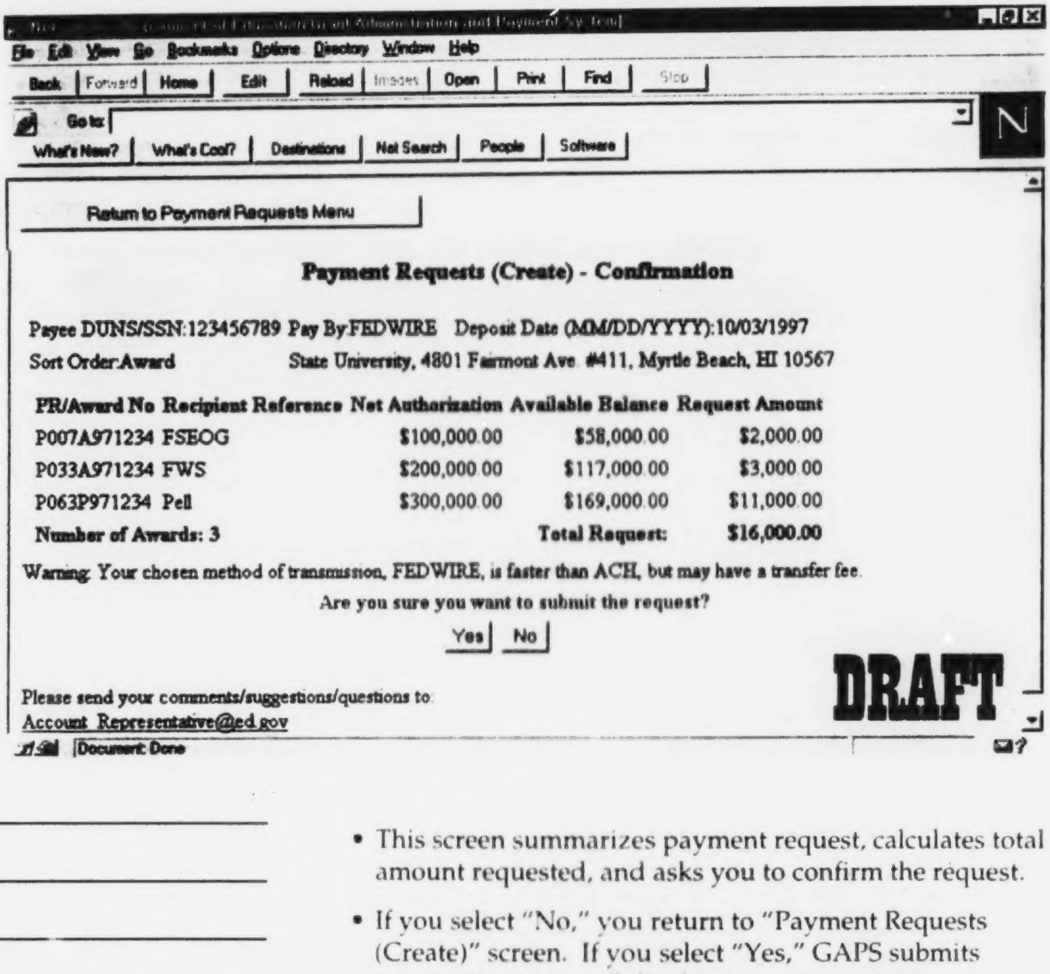
Notes

- You can return to "Payment Requests (Create)" screen by clicking "Back" button.
- Returning to the "Payment Requests (Create)" screen (Figure D1), you can request payment for one or multiple awards by entering requested amount in "Request Amount" column. In this example, user requested $2,000 for award #1 (FSEOG), $3,000 for award #2 (FWS), and $11,000 for award #3 (Pell).
- Click "OK" button to submit payment request. Once payment request is submitted, GAPS displays **"Payment Requests (Create) Confirmation"** screen (Figure D3).

Create Payment Requests

Figure D3: Payment Requests (Create) Confirmation Screen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Edit
Reload
Images
Open
Print
Find
Stop
Go to:
What's New?
What's Cool?
Destinations
Net Search
People
Software
Return to Payment Requests Menu
Yes
No
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Document: Done

Payment Requests (Create) - Confirmation

Payee DUNS/SSN:123456789 Pay By:FEDWIRE Deposit Date (MM/DD/YYYY):10/03/1997

Sort Order:Award State University, 4801 Fairmont Ave #411, Myrtle Beach, HI 10567

PR/Award No	Recipient Reference	Net Authorization	Available Balance	Request Amount
P007A971234	FSEOG	$100,000.00	$58,000.00	$2,000.00
P033A971234	FWS	$200,000.00	$117,000.00	$3,000.00
P063P971234	Pell	$300,000.00	$169,000.00	$11,000.00
Number of Awards: 3			Total Request:	$16,000.00

Warning: Your chosen method of transmission, FEDWIRE, is faster than ACH, but may have a transfer fee.

Are you sure you want to submit the request?

Please send your comments/suggestions/questions to:
Account_Representative@ed.gov

- This screen summarizes payment request, calculates total amount requested, and asks you to confirm the request.
- If you select "No," you return to "Payment Requests (Create)" screen. If you select "Yes," GAPS submits payment request and displays payment request information in view-only mode in **"Payment Requests (Roll-up)"** screen (Figure D4).

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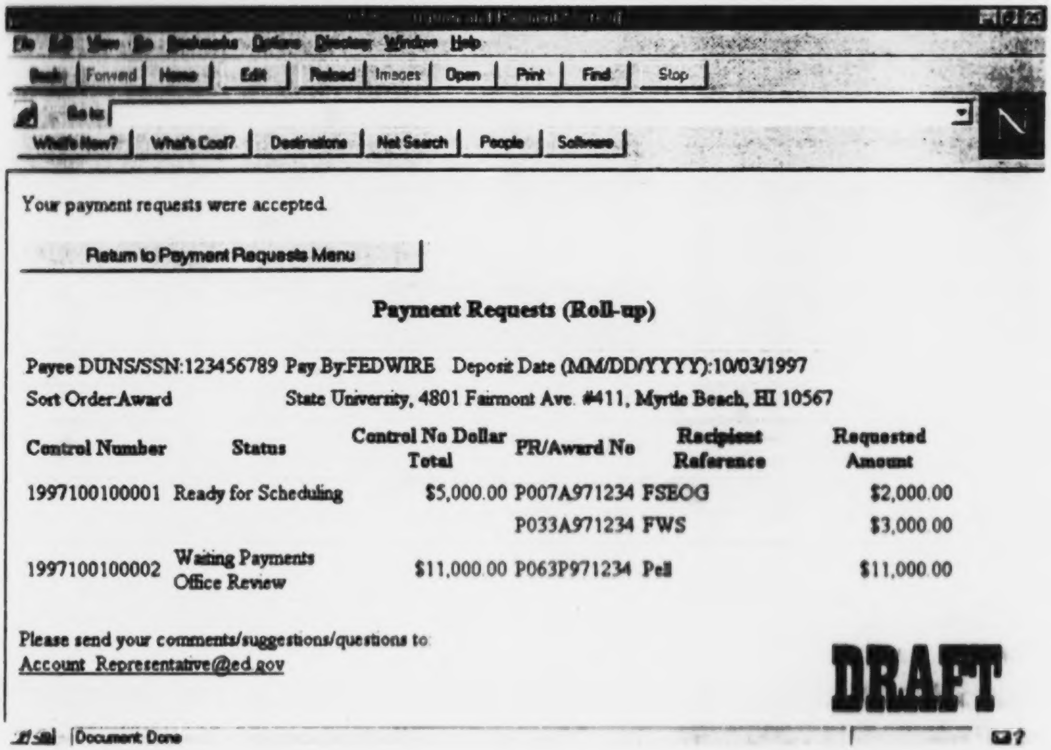
Notes

Create Payment Requests
Figure D4: Payment Requests (Roll-Up) Screen


File Edit View Go Bookmarks Options Directory Window Help
Back Forward Home Edit Reload Images Open Print Find Stop
Go to:
What's New? What's Cool? Destinations Net Search People Software
Return to Payment Requests Menu
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Document: Done

Your payment requests were accepted.

Payment Requests (Roll-up)

Payee DUNS/SSN:123456789 Pay By:FEDWIRE Deposit Date (MM/DD/YYYY):10/03/1997

Sort Order:Award State University, 4801 Fairmont Ave. #411, Myrtle Beach, HI 10567

Control Number	Status	Control No Dollar Total	PR/Award No	Recipient Reference	Requested Amount
1997100100001	Ready for Scheduling	$5,000.00	P007A971234	FSEOG	$2,000.00
			P033A971234	FWS	$3,000.00
1997100100002	Waiting Payments Office Review	$11,000.00	P063P971234	Pell	$11,000.00

Please send your comments/suggestions/questions to:
Account_Representative@ed.gov

- Key features of this screen include:
  - Payment requests are rolled up and assigned a control number (a unique number used to identify a group or "roll-up" of payment requests). Requests that are deposited on same day, using same method of transmission (ACH/EFT [sometimes simply known as ACH] or FEDWIRE), and going to same bank account, are rolled up (totalled) into one payment transaction and assigned a control number. In addition, only awards with same status can be rolled up (totalled) together. A listing of the awards that make up the payment request roll-up is included. In this example, two awards are put into one roll-up transaction while the third award is in a separate roll-up.
  - A unique control number is assigned to each roll-up payment transaction. In addition, a control number dollar total is provided. In the example, the first roll-up is given a control number of 1997100100001 and has

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Notes

a control number dollar total of $5,000. Because second roll-up has only one award, control number dollar total is same as requested amount for the award.

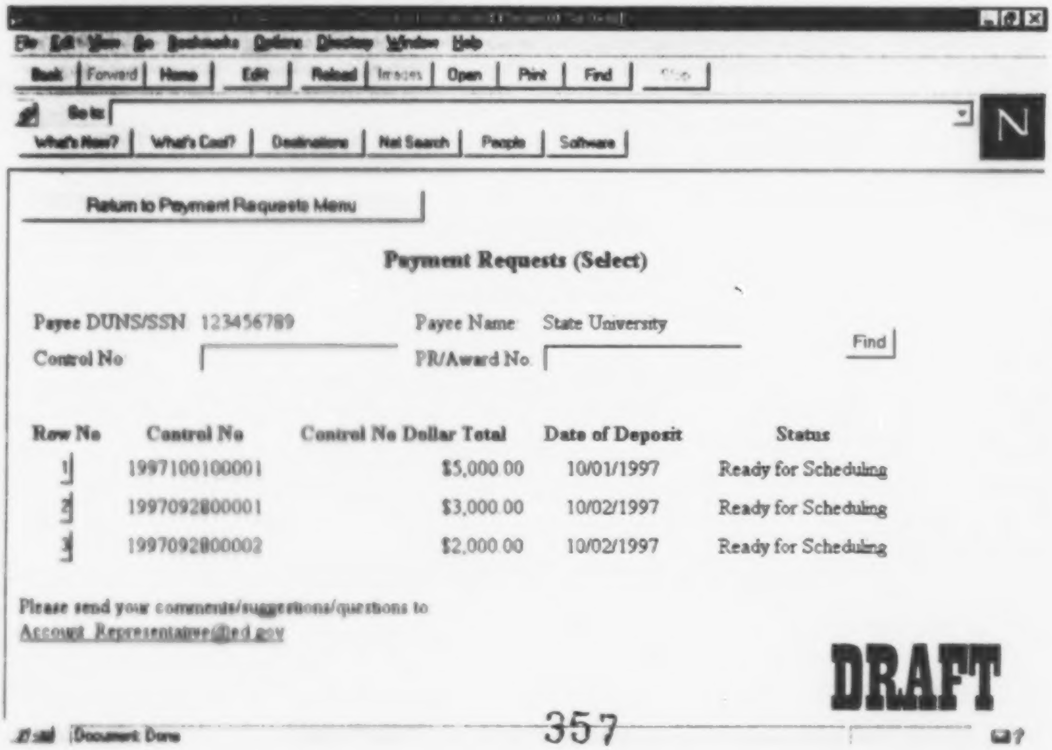
- The status of the payment request roll-up is provided. Status can be Ready for Scheduling, Waiting Program Office Review, Waiting Payments Office Review, or Waiting Accounts Receivable Offset Determination.

e. Modify Payment Requests

- Once payment request is submitted, you can use the modify payment requests function to change or delete those payment requests with a status of ready for scheduling.
- When you select "Modify Payment Requests" from Payment Requests menu, GAPS displays **"Payment Requests (Select)"** screen (Figure E1).

Modify Payment Requests

Figure E1: Payment Requests (Select) Screen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Stop
Go to:
What's New?
What's Cool?
Destinations
Net Search
People
Software
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Return to Payment Requests Menu
Find
Document: Done

Payment Requests (Select)

Payee DUNS/SSN 123456789
Payee Name State University
Control No
PR/Award No

Row No	Control No	Control No Dollar Total	Date of Deposit	Status
1	1997100100001	$5,000.00	10/01/1997	Ready for Scheduling
2	1997092800001	$3,000.00	10/02/1997	Ready for Scheduling
3	1997092800002	$2,000.00	10/02/1997	Ready for Scheduling

Please send your comments/suggestions/questions to
Account_Representative@ed.gov

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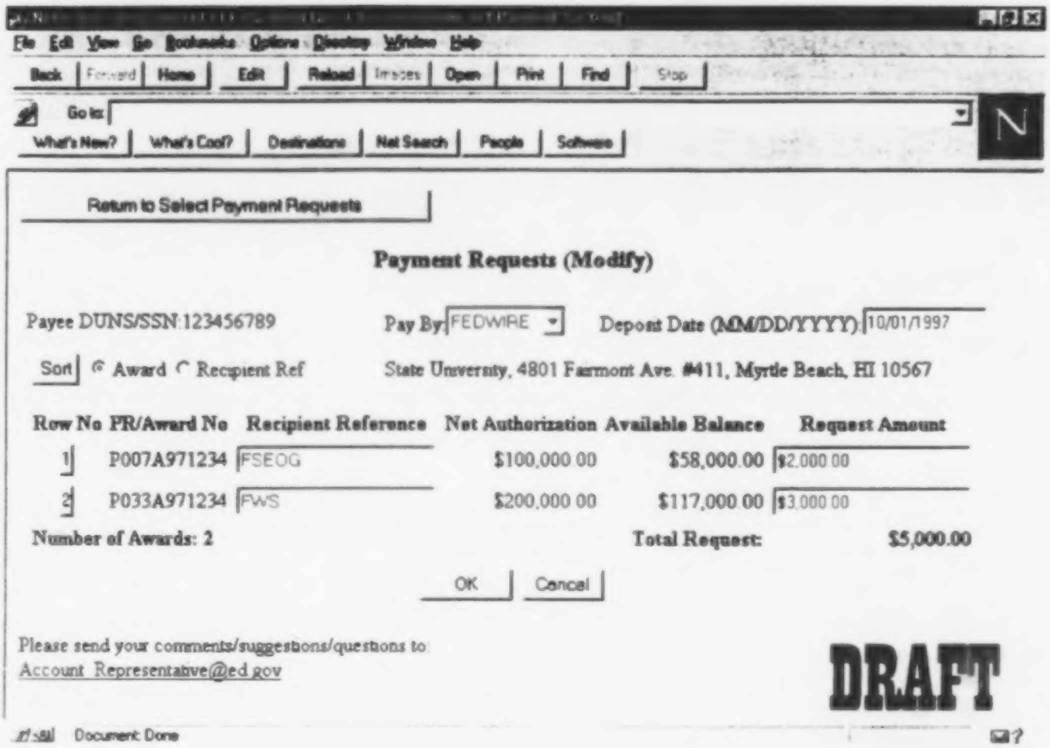
Notes

- This screen automatically displays all payment requests with a roll-up status of Ready for Scheduling. You can search the list of payment requests using a partial or full control number and/or a full award number.
- After entering criteria and clicking "Find" button, search results appear in lower window. To select an existing roll-up payment request for modification, click appropriate "Row Number" button.
- In this example, user wanted to modify payment request on row #1. By clicking "Row Number" #1 button, GAPS displays "**Payment Requests (Modify)**" screen (Figure E2).

Modify Payment Requests

Figure E2: Payment Requests (Modify) Screen


File Edit View Go Bookmarks Options Directory Window Help
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Forward
Home
Edit
Reload
Images
Open
Print
Find
Stop
Go to:
What's New?
What's Cool?
Destinations
Net Search
People
Software
N
Return to Select Payment Requests
Sort
OK
Cancel
Document: Done

Payment Requests (Modify)

Payee DUNS/SSN:123456789

Pay By: FEDWIRE

Deposit Date (MM/DD/YYYY): 10/01/1997

● Award ○ Recipient Ref

State University, 4801 Fairmont Ave. #411, Myrtle Beach, HI 10567

Row No	PR/Award No	Recipient Reference	Net Authorization	Available Balance	Request Amount
1	P007A971234	FSEOG	$100,000.00	$58,000.00	$2,000.00
2	P033A971234	FWS	$200,000.00	$117,000.00	$3,000.00

Number of Awards: 2

Total Request: $5,000.00

Please send your comments/suggestions/questions to: Account_Representative@ed.gov

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- Appearance of "Payment Requests (Modify)" screen is similar to that of "Payment Requests (Create)" screen in Figure D1. The only difference is that the modify screen displays data corresponding to the awards in the control number selected. You can modify date of deposit (Deposit Date), method of transmission (Pay By), recipient reference, and/or payment request amount.

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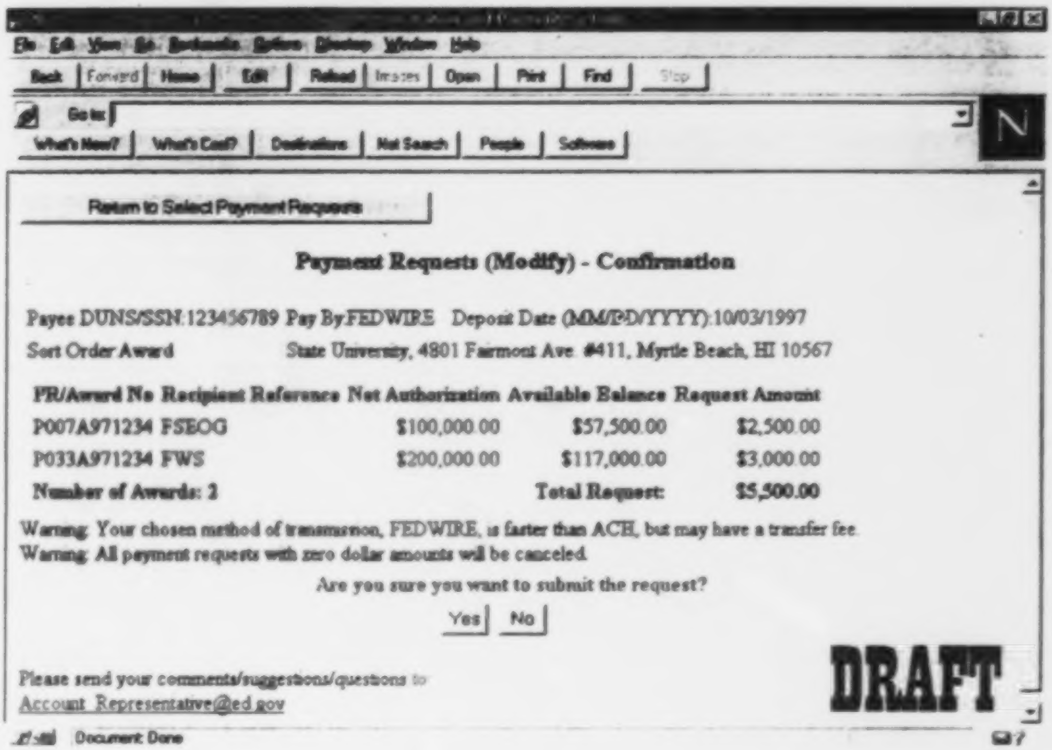
Notes

- To delete a payment request line, modify corresponding current request amount to zero. To submit modified payment request, click "OK" button. Once payment request is submitted, GAPS displays **"Payment Requests (Modify) Confirmation"** screen (Figure E3).

Modify Payment Requests

Figure E3: Payment Requests (Modify) Confirmation Screen


File Edit View Go Bookmarks Options Directory Window Help
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Go to:
What's New?
What's Cool?
Destinations
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Return to Select Payment Requests
Yes
No
DRAFT
Document: Done

Payment Requests (Modify) - Confirmation

Payee DUNS/SSN:123456789 Pay By:FEDWIRE Deposit Date (MM/DD/YYYY):10/03/1997

Sort Order Award State University, 4801 Fairmont Ave. #411, Myrtle Beach, HI 10567

PR/Award No	Recipient Reference	Net Authorization	Available Balance	Request Amount
P007A971234	FSEOG	$100,000.00	$57,500.00	$2,500.00
P033A971234	FWS	$200,000.00	$117,000.00	$3,000.00
Number of Awards: 2			**Total Request:**	**$5,500.00**

Warning: Your chosen method of transmission, FEDWIRE, is faster than ACH, but may have a transfer fee.
Warning: All payment requests with zero dollar amounts will be canceled.

Are you sure you want to submit the request?

Please send your comments/suggestions/questions to
Account_Representative@ed.gov

- This screen summarizes the modified payment request, calculates total amount requested, and asks you to confirm the request. In this example, user requested an additional $500 for the first award (FSEOG).

- If you select "No," you return to "Payment Requests (Modify)" screen. If you select "Yes," GAPS submits modified payment request and displays payment request information in view-only mode in **"Payment Requests (Roll-up)"** screen (Figure E4).

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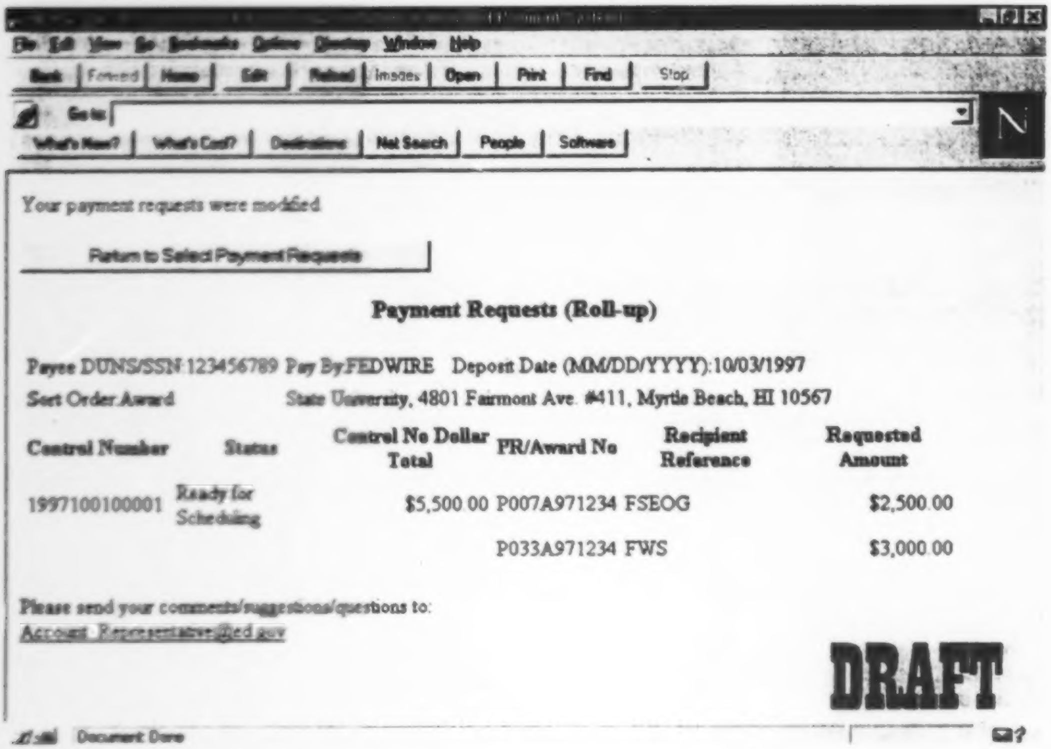
Notes

Modify Payment Requests

Figure E4: Payment Requests (Roll-Up) Screen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Net Search
People
Software
Return to Select Payment Requests
Document Done

Your payment requests were modified

Payment Requests (Roll-up)

Payee DUNS/SSN:123456789 Pay By:FEDWIRE Deposit Date (MM/DD/YYYY):10/03/1997

Sort Order:Award State University, 4801 Fairmont Ave. #411, Myrtle Beach, HI 10567

Control Number	Status	Control No Dollar Total	PR/Award No	Recipient Reference	Requested Amount
1997100100001	Ready for Scheduling	$5,500.00	P007A971234	FSEOG	$2,500.00
			P033A971234	FWS	$3,000.00

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- This screen confirms that payment request was modified and has same features as "Payment Requests (Roll-up)" screen (Figure D4) discussed earlier.

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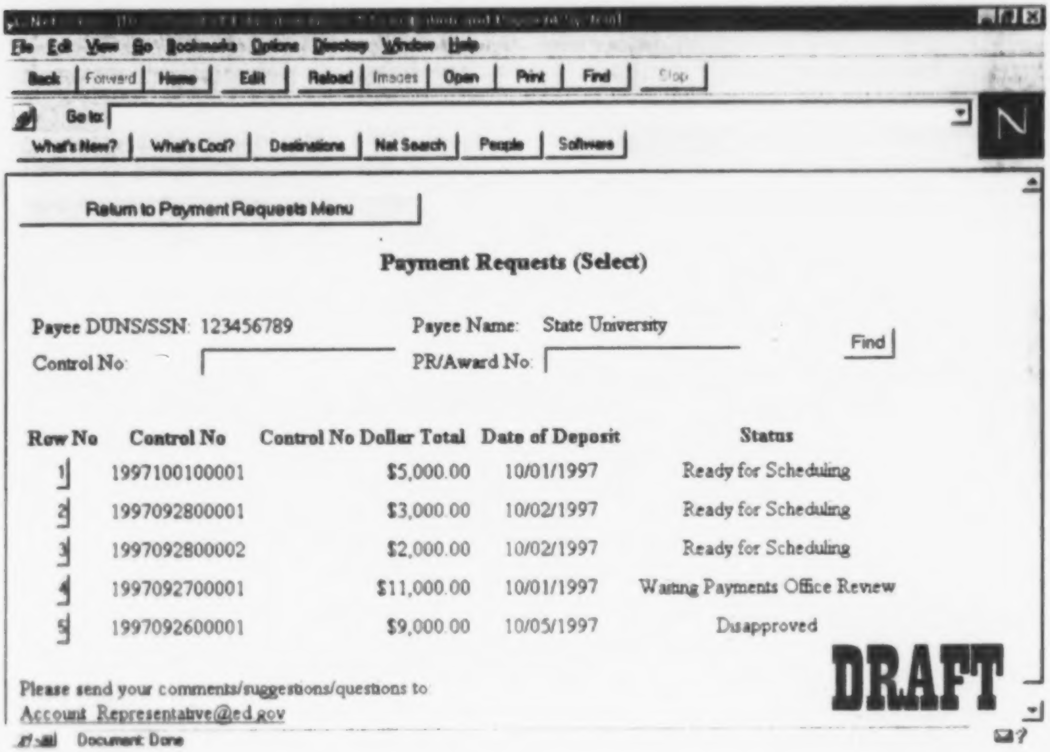
Notes

f. View Payment Requests

- This function allows users to view all completed payment requests, as well as any pending (for example, future-dated) payment requests in read-only (non-modifiable) mode.
- When you select "View Payment Requests" from Payment Requests menu, GAPS displays **"Payment Requests (Select)"** screen (Figure F1).

View Payment Requests

Figure F1: Payment Requests (Select) Screen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Go to:
What's New?
What's Cool?
Destinations
Net Search
People
Software
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Return to Payment Requests Menu
Find
DRAFT
Document: Done

Payment Requests (Select)

Payee DUNS/SSN: 123456789
Payee Name: State University
Control No:
PR/Award No:

Row No	Control No	Control No Dollar Total	Date of Deposit	Status
1	1997100100001	$5,000.00	10/01/1997	Ready for Scheduling
2	1997092800001	$3,000.00	10/02/1997	Ready for Scheduling
3	1997092800002	$2,000.00	10/02/1997	Ready for Scheduling
4	1997092700001	$11,000.00	10/01/1997	Waiting Payments Office Review
5	1997092600001	$9,000.00	10/05/1997	Disapproved

Please send your comments/suggestions/questions to
Account_Representative@ed.gov

- This screen automatically displays all completed and pending payment requests and their roll-up status in reverse chronological order.
- Roll-up statuses displayed on this screen include: Ready for Scheduling, Waiting Program Office Review, Waiting Payments Office Review, Waiting Accounts Receivable Offset Determination, Approved and Ready for Scheduling, Disapproved, Scheduled, In Transit, Returned, and Confirmed.

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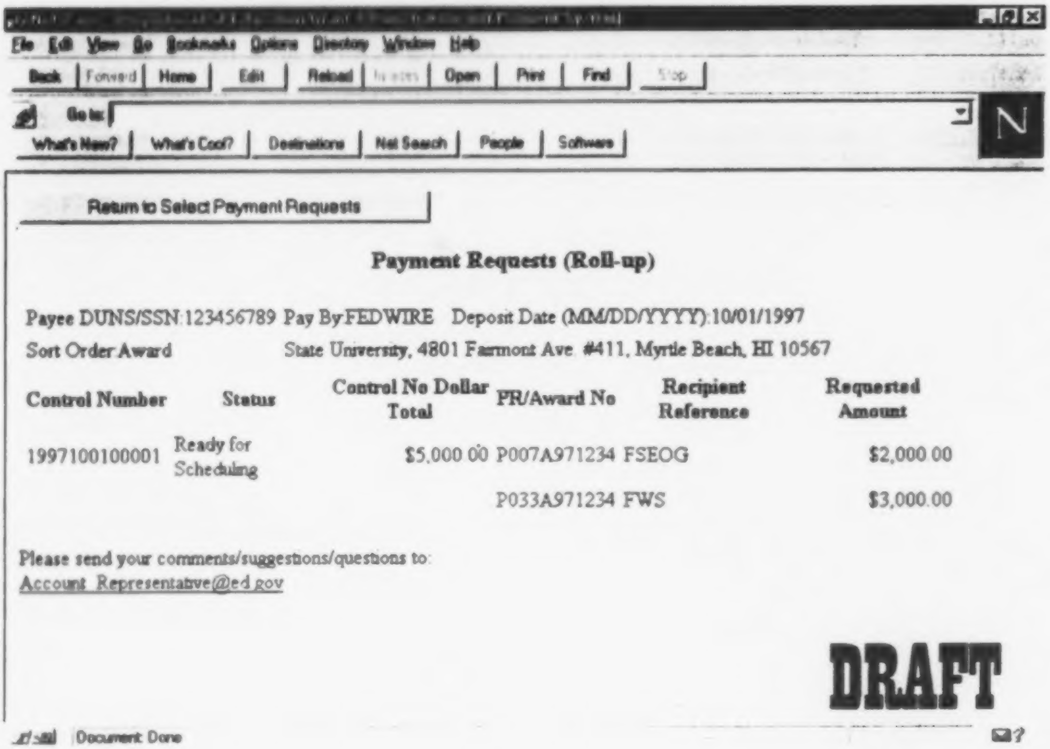
Notes

- User can search the list of payment requests using a partial or full control number and/or a full award number. After entering criteria and clicking "Find" button, search results appear in lower window.
- User can view details of rolled-up payment request by clicking "Row Number" button next to desired control number.
- In this example, user wanted to view details of rolled-up payment request on row #1. By clicking "Row Number" #1 button, GAPS displays selected payment request in view-only mode on "**Payment Request (Roll-up)**" screen (Figure F2).

View Payment Requests

Figure F2: Payment Requests (Roll-Up) Screen


File Edit View Go Bookmarks Options Directory Window Help
Back Forward Home Edit Reload Images Open Print Find Stop
Go to:
What's New? What's Cool? Destinations Net Search People Software
N
Return to Select Payment Requests
Document: Done

Payment Requests (Roll-up)

Payee DUNS/SSN:123456789 Pay By:FEDWIRE Deposit Date (MM/DD/YYYY):10/01/1997

Sort Order:Award State University, 4801 Fairmont Ave #411, Myrtle Beach, HI 10567

Control Number	Status	Control No Dollar Total	PR/Award No	Recipient Reference	Requested Amount
1997100100001	Ready for Scheduling	$5,000.00	P007A971234	FSEOG	$2,000.00
			P033A971234	FWS	$3,000.00

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- This screen displays desired rolled-up payment request with same features as other "Payment Requests (Roll-up)" screens discussed earlier.

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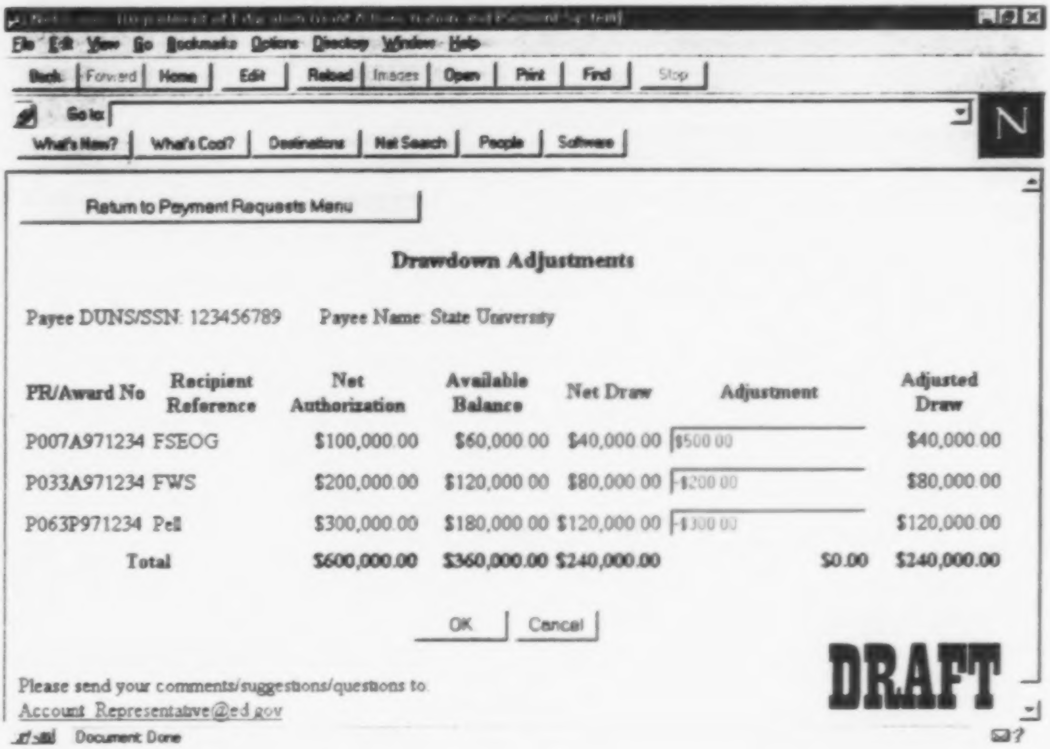
Notes

g. Adjust Drawdown Amounts

- Under GAPS, you are able to adjust or redistribute drawdown requests between grant awards. Drawdown amounts can be adjusted throughout the year and you should adjust draws as needed to ensure that ED's records reflect your actual disbursements of funds.
- For example, if $100 was mistakenly requested for award #1 when it should have been requested for award #2, you can use the adjust drawdown amounts function to "move" drawn funds from award #1 to award #2 rather than sending drawdown amount back to ED.
- When you select "Adjust Drawdown Amounts" from Payment Requests menu (Figure C), GAPS displays **"Drawdown Adjustments"** screen (Figure G1).

Adjust Drawdown Amounts

Figure G1: Drawdown Adjustment Screen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What's Cool?
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Net Search
People
Software
N
Return to Payment Requests Menu
OK
Cancel
DRAFT
Document: Done

Drawdown Adjustments

Payee DUNS/SSN: 123456789   Payee Name: State University

PR/Award No	Recipient Reference	Net Authorization	Available Balance	Net Draw	Adjustment	Adjusted Draw
P007A971234	FSEOG	$100,000.00	$60,000.00	$40,000.00	$500.00	$40,000.00
P033A971234	FWS	$200,000.00	$120,000.00	$80,000.00	-$200.00	$80,000.00
P063P971234	Pell	$300,000.00	$180,000.00	$120,000.00	-$300.00	$120,000.00
	Total	**$600,000.00**	**$360,000.00**	**$240,000.00**	**$0.00**	**$240,000.00**

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- This screen displays all awards in their performance or liquidation periods. For each award displayed, screen shows its corresponding recipient reference, net authorizations, available balance, and net draws.

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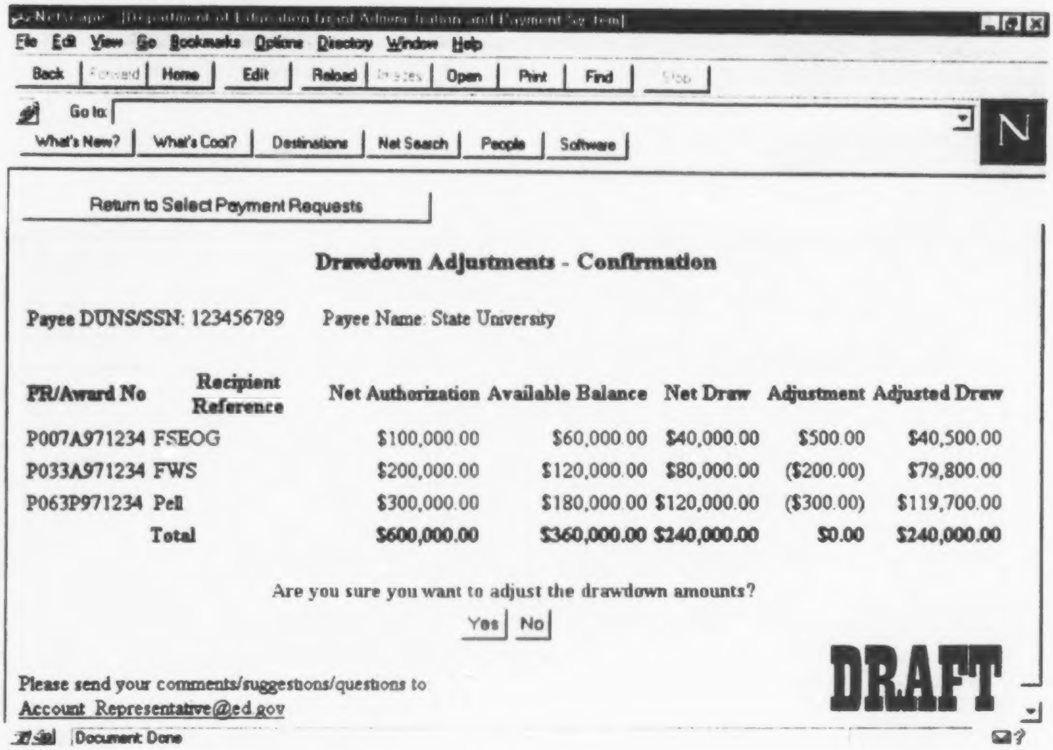
- You can adjust drawdown amounts by entering the amount of adjustments in "Adjustment" column. Adjusted amounts must net to zero.
- In this example, user wanted to "move" $200 from award #2 (FWS) and $300 from award #3 (Pell) to award #1 (FSEOG). To do so, user entered the following amounts in "Adjustment" column: positive $500 for award #1, negative $200 for award #2, and negative $300 for award #3.
- Click "OK" button to submit drawdown adjustments. Once adjustment is submitted, GAPS displays **"Drawdown Adjustments Confirmation"** screen (Figure G2).

Notes

Adjust Drawdown Amounts

Figure G2: Drawdown Adjustments (Confirmation) Screen


Netscape - [Department of Education Grant Administration and Payment System]
File Edit View Go Bookmarks Options Directory Window Help
Back Forward Home Edit Reload Images Open Print Find Stop
Go to:
What's New? What's Cool? Destinations Net Search People Software
N
Return to Select Payment Requests
Yes No
DRAFT
Document: Done

Drawdown Adjustments - Confirmation

Payee DUNS/SSN: 123456789 Payee Name: State University

PR/Award No	Recipient Reference	Net Authorization	Available Balance	Net Draw	Adjustment	Adjusted Draw
P007A971234	FSEOG	$100,000.00	$60,000.00	$40,000.00	$500.00	$40,500.00
P033A971234	FWS	$200,000.00	$120,000.00	$80,000.00	($200.00)	$79,800.00
P063P971234	Pell	$300,000.00	$180,000.00	$120,000.00	($300.00)	$119,700.00
	Total	**$600,000.00**	**$360,000.00**	**$240,000.00**	**$0.00**	**$240,000.00**

Are you sure you want to adjust the drawdown amounts?

Please send your comments/suggestions/questions to Account_Representative@ed.gov

- This screen summarizes the adjustments, calculates adjusted drawdown amounts, and asks you to confirm the adjustment.
- If you select "No," you return to "Drawdown Adjustment" screen (Figure G1).

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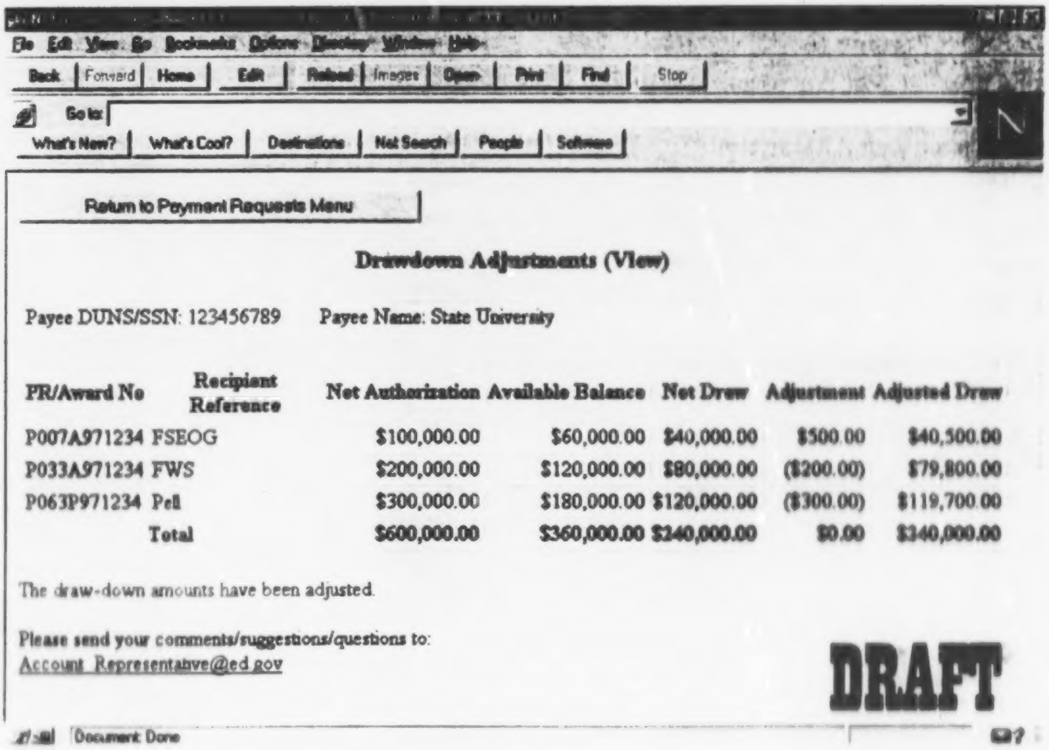
Notes

- If you select "Yes," GAPS submits the adjustment and displays the adjustments in view-only mode in **"Drawdown Adjustments (View)"** screen (Figure G3).

Adjust Drawdown Amounts

Figure G3: Drawdown Adjustments (View) Screen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Return to Payment Requests Menu
DRAFT
Document: Done

Drawdown Adjustments (View)

Payee DUNS/SSN: 123456789 Payee Name: State University

PR/Award No	Recipient Reference	Net Authorization	Available Balance	Net Draw	Adjustment	Adjusted Draw
P007A971234	FSEOG	$100,000.00	$60,000.00	$40,000.00	$500.00	$40,500.00
P033A971234	FWS	$200,000.00	$120,000.00	$80,000.00	($200.00)	$79,800.00
P063P971234	Pell	$300,000.00	$180,000.00	$120,000.00	($300.00)	$119,700.00
	Total	$600,000.00	$360,000.00	$240,000.00	$0.00	$340,000.00

The draw-down amounts have been adjusted.

Please send your comments/suggestions/questions to:
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- This screen displays same information as "Drawdown Adjustments Confirmation" screen. For each award, screen displays its corresponding recipient reference, net authorizations, available balance, net draws, adjustments, and adjusted net draws.

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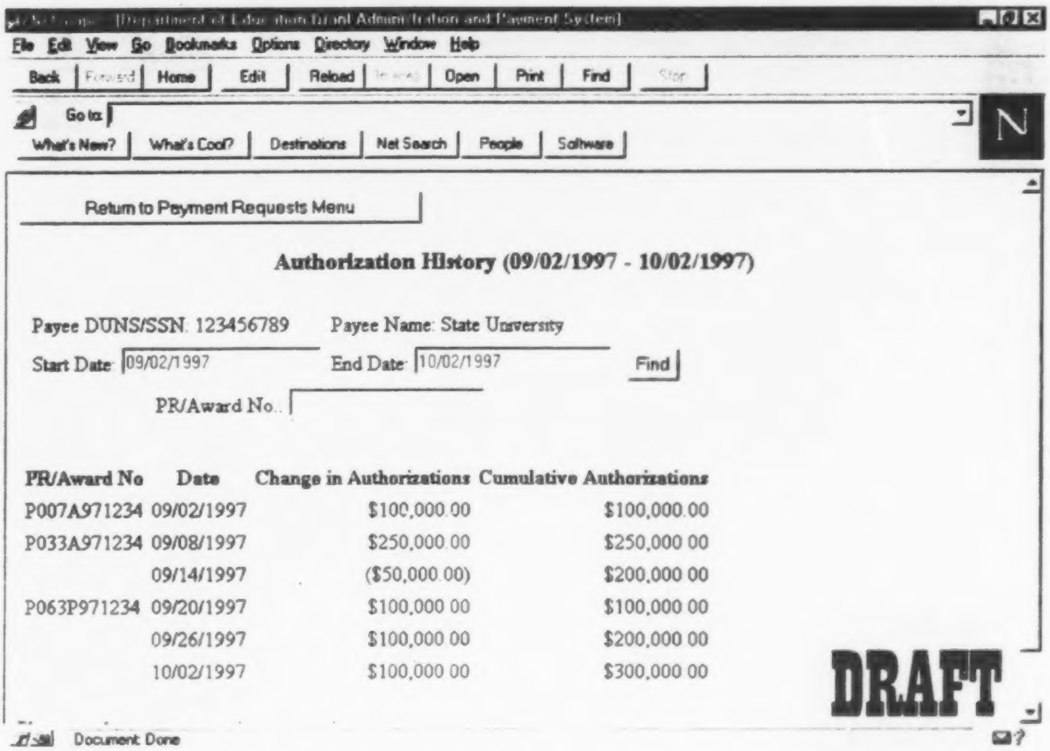
Notes

h. View Authorization History

- This function allows users to view all authorization changes that occurred to their awards since each award's inception.
- When you select "View Authorization History" from Payment Requests menu (Figure C), GAPS displays **"Authorization History"** screen (Figure H).

Figure H: Authorization History Screen


Netscape - [Department of Education Grant Administration and Payment System]
File Edit View Go Bookmarks Options Directory Window Help
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Go to:
What's New? What's Cool? Destinations Net Search People Software
N
Return to Payment Requests Menu
Find
Document: Done

Authorization History (09/02/1997 - 10/02/1997)

Payee DUNS/SSN: 123456789 Payee Name: State University

Start Date: 09/02/1997 End Date: 10/02/1997

PR/Award No.:

PR/Award No	Date	Change in Authorizations	Cumulative Authorizations
P007A971234	09/02/1997	$100,000.00	$100,000.00
P033A971234	09/08/1997	$250,000.00	$250,000.00
	09/14/1997	($50,000.00)	$200,000.00
P063P971234	09/20/1997	$100,000.00	$100,000.00
	09/26/1997	$100,000.00	$200,000.00
	10/02/1997	$100,000.00	$300,000.00

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- This screen automatically displays each award's initial authorization and any changes in authorization.
- You can view award authorization histories over any given period by modifying the start and end dates (default time period is one month) or by entering an award number and clicking "Find" button.
- In this example, user wanted to view all authorization changes that occurred from 9/2/97 to 10/2/97. The results of the search displayed three awards.

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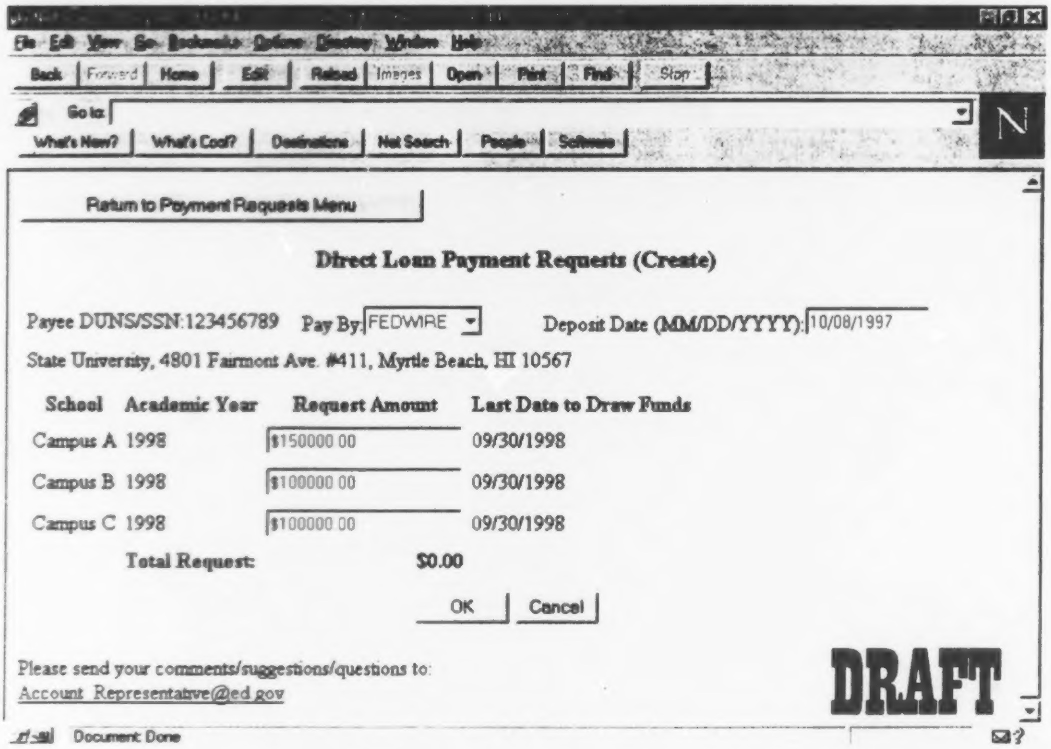
Notes

i. Create Direct Loan Payment Requests, Modify Direct Loan Payment Requests, and Adjust Direct Loan Drawdown Amounts

- Schools participating in Direct Loan Program under Option 1 may request funds from GAPS using either Internet access to GAPS Web page or by using Title IV WAN. Payees can make Direct Loan payment requests, modify payment requests, and adjust Direct Loan drawdown amounts.
- Direct Loan screens will have a look and feel similar to the payment screens just discussed. ED is completing development of these screens and the final screens and instructions will be included in your GAPS User's Guide. Below is example of "**Direct Loan Payment Requests (Create)**" screen (Figure I) that payee will use to create Direct Loan payment requests.

Figure I: Direct Loan Payment Requests (Create) Screen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What's New?
What's Cool?
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Return to Payment Requests Menu
OK
Cancel
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Document: Done

Direct Loan Payment Requests (Create)

Payee DUNS/SSN:123456789 Pay By: FEDWIRE Deposit Date (MM/DD/YYYY): 10/08/1997

State University, 4801 Fairmont Ave. #411, Myrtle Beach, HI 10567

School	Academic Year	Request Amount	Last Date to Draw Funds
Campus A	1998	$150000 00	09/30/1998
Campus B	1998	$100000 00	09/30/1998
Campus C	1998	$100000 00	09/30/1998
	Total Request:	**$0.00**	

Please send your comments/suggestions/questions to:
Account Representative@ed.gov

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Notes

- This screen displays a complete list of all Direct Loan institutions for which payee is authorized to draw funds. Screen also displays the academic year for the Direct Loan Program funds and the last date the payee can draw funds.
- In this example, payee can draw funds for three campuses.
- Fields where you can enter data are white. You may enter data in the following fields:

Field	Description
Pay By	User can specify whether the payment request will be sent by ACH or FEDWIRE. GAPS will default the method of transmission to the one set for the payee.
Deposit Date	User can select a deposit date up to 30 days from the request date. The default date of deposit for ACH is the current date plus two days. For FEDWIRE, the default date is the current date if the current time is less than or equal to 12:30 pm (Eastern) or else current date plus one day.
Request Amount	Enter the amount of funds requested for each award.

- To request funds for one or multiple institutions, enter requested amount by academic year in "Request" column. In this example, payee requested funds for Campus A of $150,000, for Campus B of $100,000, and for Campus C of $100,000.
- To submit payment request, click "OK" button.

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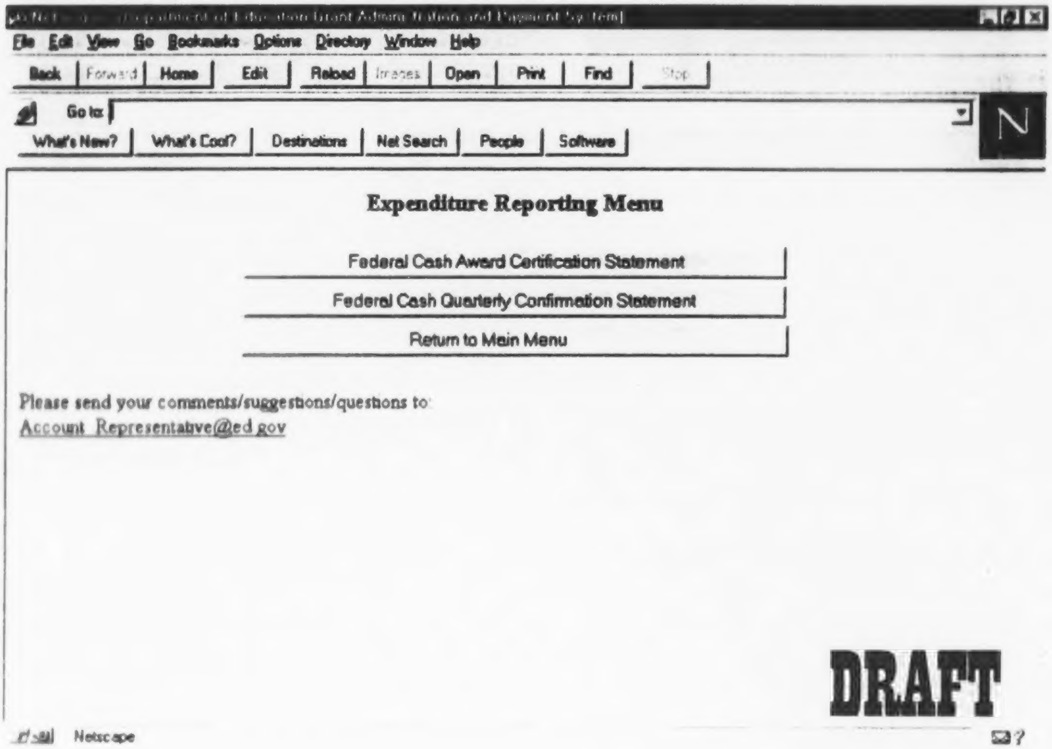
Notes

j. Expenditure Reporting

- When you click on "Expenditure Reporting" button on GAPS "Main Menu" screen, GAPS displays "**Expenditure Reporting**" screen (Figure J).

Figure J: Expenditure Reporting Screen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Federal Cash Award Certification Statement
Federal Cash Quarterly Confirmation Statement
Return to Main Menu
Netscape

Expenditure Reporting Menu

Please send your comments/suggestions/questions to:
Account_Representative@ed.gov

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- At this screen, you can select one of the following functions (by clicking on appropriate button):
  - Federal Cash Award Certification Statement,
  - Federal Cash Quarterly Confirmation Statement, and
  - Return to GAPS Main Menu.
- We will briefly review the statements since they are discussed in greater detail in upcoming expenditure reporting section (Section E).

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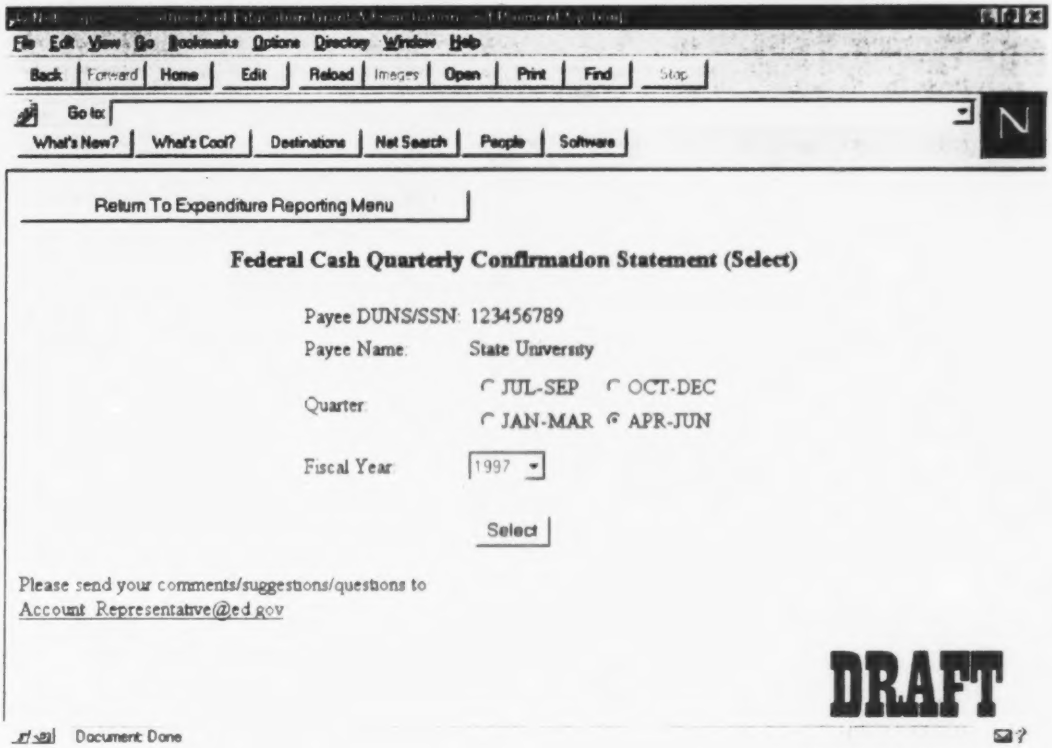
k. Federal Cash Quarterly Confirmation Statement

- Federal Cash Quarterly Confirmation Statement is generated at end of each quarter (9/30, 12/31, 3/31, 6/30) and is mailed to payees.
- Quarterly Confirmation Statement is similar to a bank statement and contains payee's grant activity, drawdown transactions, and authorization changes by award.
  - You should use this information to reconcile your internal accounting records with ED's records.
  - You do not have to respond to ED unless your records disagree with information contained in the statement.
- When you click on "Federal Cash Quarterly Confirmation Statement" button on "Expenditure Reporting" screen, GAPS displays **"Federal Cash Quarterly Confirmation Statement (Select)"** screen (Figure K1).

Notes

Figure K1: Federal Cash Quarterly Confirmation Statement (Select) Screen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Return To Expenditure Reporting Menu
Select
Document: Done

Federal Cash Quarterly Confirmation Statement (Select)

Payee DUNS/SSN: 123456789

Payee Name: State University

Quarter: ○ JUL-SEP ○ OCT-DEC ○ JAN-MAR ● APR-JUN

Fiscal Year: 1997

Please send your comments/suggestions/questions to Account_Representative@ed.gov

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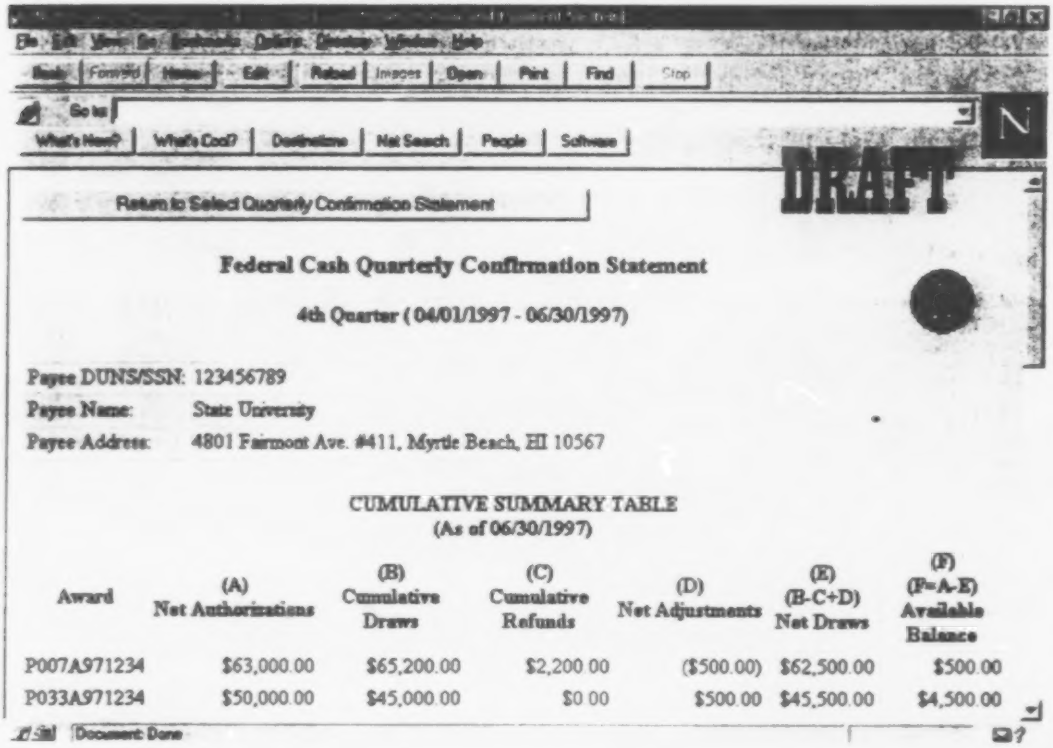
Notes

- This screen enables you to select a Quarterly Confirmation Statement for viewing. To retrieve a statement, enter desired fiscal year and quarter.
- In this example, user selected April-June quarter for fiscal year 1997.
- Click "Select" button and GAPS then displays selected statement in "**Federal Cash Quarterly Confirmation Statement**" screen (Figures K2, K3, and K4).

Figure K2: Federal Cash Quarterly Confirmation Statement Screen



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DRAFT
Return to Select Quarterly Confirmation Statement
Document: Done

Federal Cash Quarterly Confirmation Statement

4th Quarter (04/01/1997 - 06/30/1997)

Payee DUNS/SSN: 123456789
Payee Name: State University
Payee Address: 4801 Fairmont Ave. #411, Myrtle Beach, HI 10567

CUMULATIVE SUMMARY TABLE
(As of 06/30/1997)

Award	(A) Net Authorizations	(B) Cumulative Draws	(C) Cumulative Refunds	(D) Net Adjustments	(E) (B-C+D) Net Draws	(F) (F=A-E) Available Balance
P007A971234	$63,000.00	$65,200.00	$2,200.00	($500.00)	$62,500.00	$500.00
P033A971234	$50,000.00	$45,000.00	$0.00	$500.00	$45,500.00	$4,500.00

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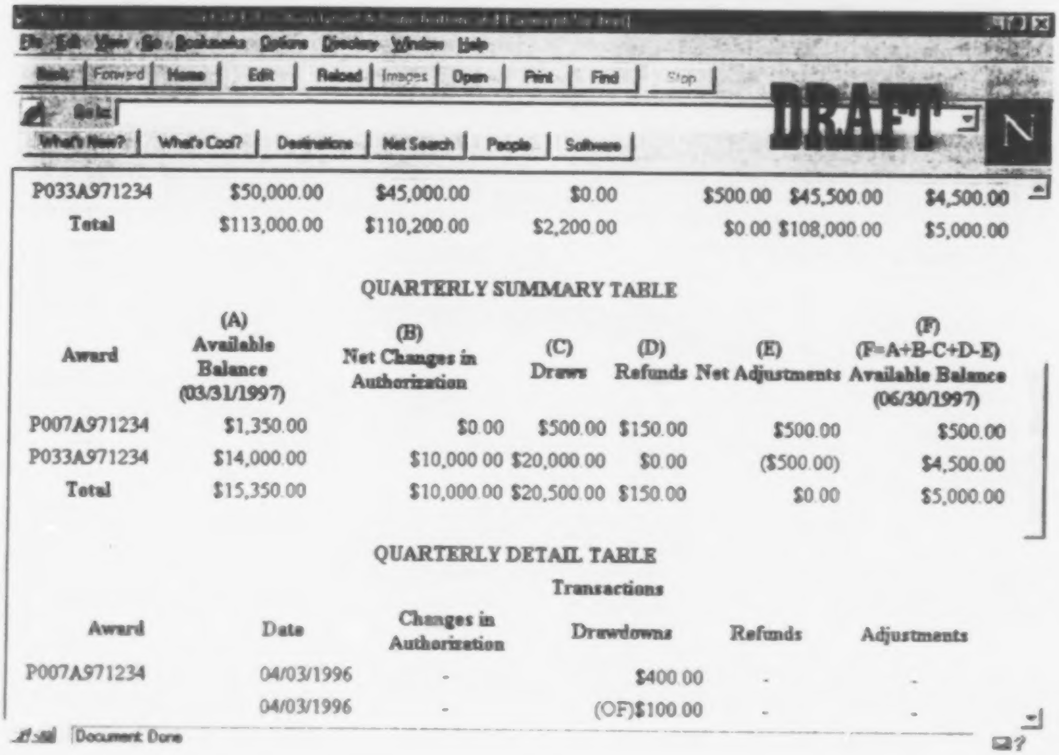
Notes

Figure K3: Federal Cash Quarterly Confirmation Statement Screen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Document: Done

P033A971234	$50,000.00	$45,000.00	$0.00	$500.00	$45,500.00	$4,500.00
Total	$113,000.00	$110,200.00	$2,200.00	$0.00	$108,000.00	$5,000.00

QUARTERLY SUMMARY TABLE

Award	**(A) Available Balance (03/31/1997)**	**(B) Net Changes in Authorization**	**(C) Draws**	**(D) Refunds**	**(E) Net Adjustments**	**(F) (F=A+B-C+D-E) Available Balance (06/30/1997)**
P007A971234	$1,350.00	$0.00	$500.00	$150.00	$500.00	$500.00
P033A971234	$14,000.00	$10,000.00	$20,000.00	$0.00	($500.00)	$4,500.00
Total	$15,350.00	$10,000.00	$20,500.00	$150.00	$0.00	$5,000.00

QUARTERLY DETAIL TABLE

			Transactions		
Award	**Date**	**Changes in Authorization**	**Drawdowns**	**Refunds**	**Adjustments**
P007A971234	04/03/1996	-	$400.00	-	-
	04/03/1996	-	(OF)$100.00	-	-

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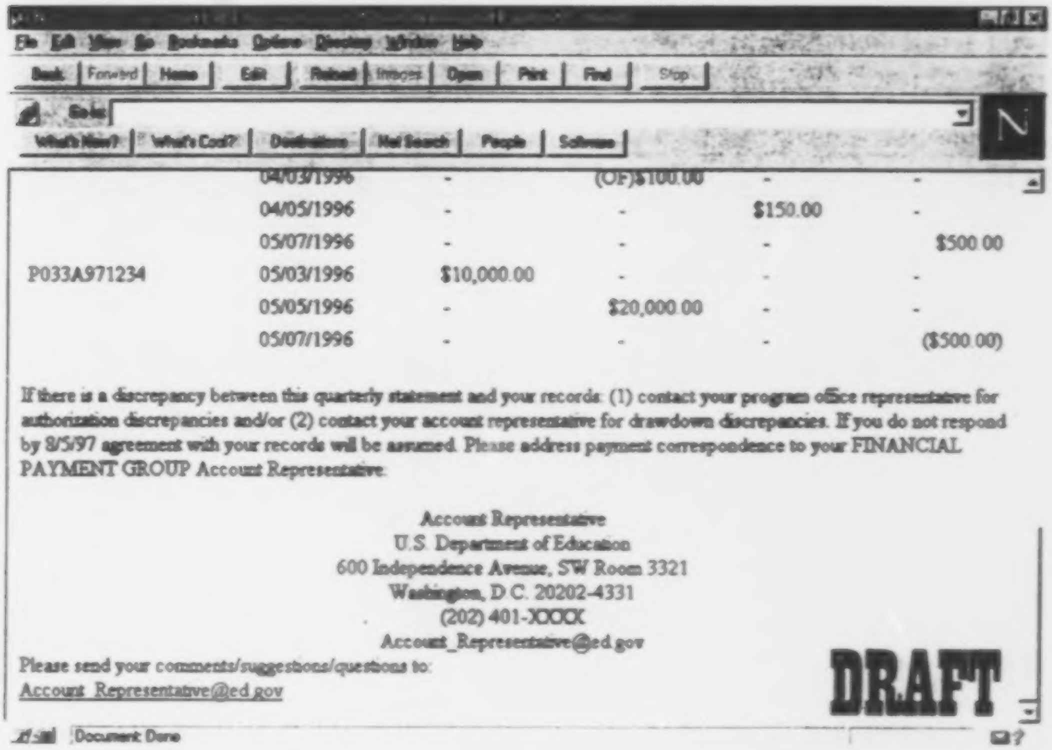
Notes

Figure K4: Federal Cash Quarterly Confirmation Statement Screen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Document: Done

	04/03/1996	-	(OF)$100.00	-	-
	04/05/1996	-	-	$150.00	-
	05/07/1996	-	-	-	$500.00
P033A971234	05/03/1996	$10,000.00	-	-	-
	05/05/1996	-	$20,000.00	-	-
	05/07/1996	-	-	-	($500.00)

If there is a discrepancy between this quarterly statement and your records: (1) contact your program office representative for authorization discrepancies and/or (2) contact your account representative for drawdown discrepancies. If you do not respond by 8/5/97 agreement with your records will be assumed. Please address payment correspondence to your FINANCIAL PAYMENT GROUP Account Representative:

Account Representative
U.S. Department of Education
600 Independence Avenue, SW Room 3321
Washington, D.C. 20202-4331
(202) 401-XXXX
Account_Representative@ed.gov

Please send your comments/suggestions/questions to:
Account_Representative@ed.gov

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- The statement displayed is an exact representation of the Quarterly Confirmation Statement mailed to payee. This statement is in view-only mode — no modifications can be made to it. You can, however, print a hard copy of the statement.
- Statement is made up of three tables:
  (1) Cumulative Summary;
  (2) Quarterly Summary; and
  (3) Quarterly Detail.
- Statement is discussed in detail in Expenditure Reporting Section (Section E).

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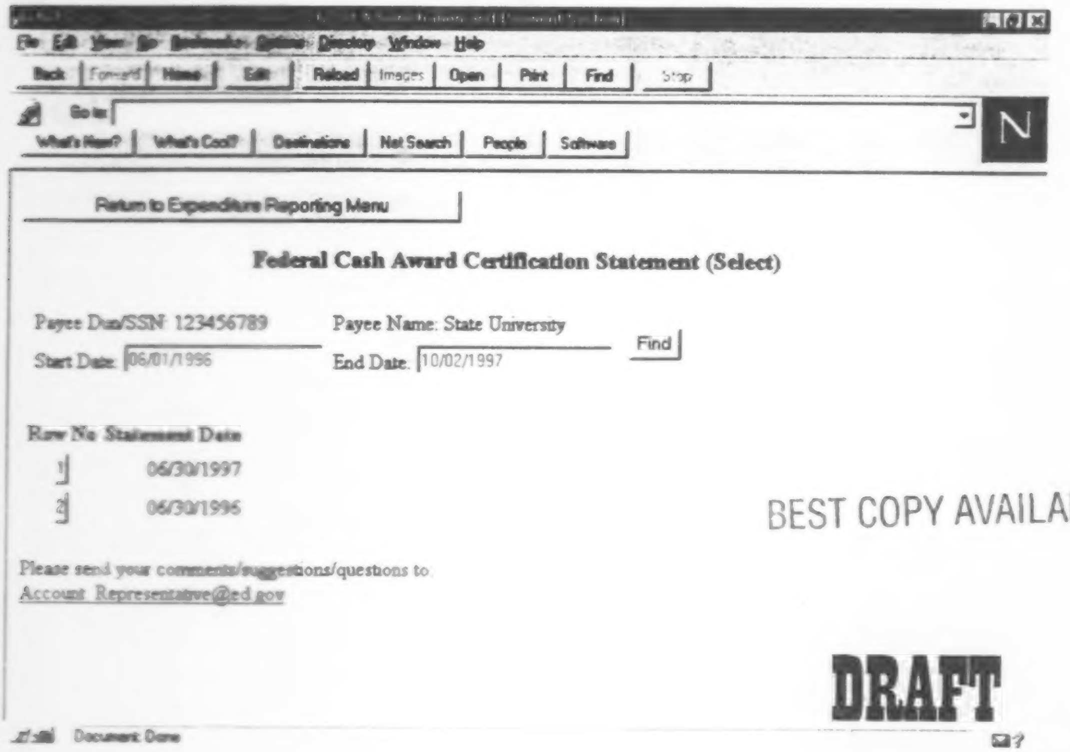
Notes

I. *Federal Cash Award Certification Statement*

- Federal Cash Award Certification Statement replaces current ED/PMS 272 report.
- Payees certify to ED their cash expenditures and cash balances for each grant award as of statement date.
- When you click on "Federal Cash Award Certification Statement" button on "Expenditure Reporting" screen (Figure J), GAPS displays "Federal Cash Award Certification Statement (Select)" screen (Figure L1).

Figure L1: Federal Cash Award Certification Statement (Select) Screen


File Edit View Go Bookmarks Options Directory Window Help
Back
Forward
Home
Edit
Reload
Images
Open
Print
Find
Stop
Go to:
What's New?
What's Cool?
Destinations
Net Search
People
Software
N
Return to Expenditure Reporting Menu
Find
Document: Done

Federal Cash Award Certification Statement (Select)

Payee Dun/SSN: 123456789 Payee Name: State University

Start Date: 06/01/1996 End Date: 10/02/1997

Row No	Statement Date
1	06/30/1997
2	06/30/1996

Please send your comments/suggestions/questions to Account_Representative@ed.gov

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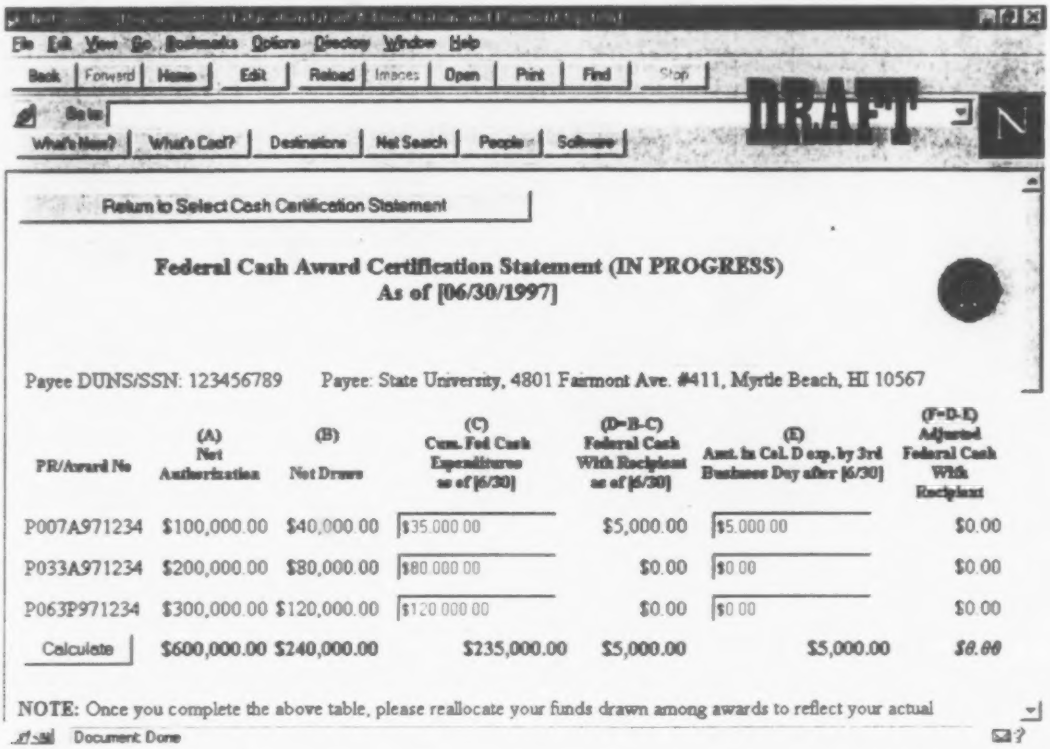
- This screen enables you to select a previous award certification statement for viewing, or a current award certification statement for reporting expenditures.
- Screen automatically displays a payee's award certification statements.
- You can search the list of award certification statements by entering a start date and an end date and clicking "Find" button.

Notes

- To select an award certification statement, click appropriate "Row Number" button.
- In this example, user wanted to view and report expenditures on the 6/30/1997 statement.
- By clicking "Row Number" #1 button, GAPS displays corresponding **"Federal Cash Award Certification Statement"** screen (Figures L2, L3, and L4).

Figure L2: Federal Cash Award Certification Statement Screen


File Edit View Go Bookmarks Options Directory Window Help
Back Forward Home Edit Reload Images Open Print Find Stop
Go to:
What's New? What's Cool? Destinations Net Search People Software
DRAFT
N
Return to Select Cash Certification Statement
Document: Done

Federal Cash Award Certification Statement (IN PROGRESS)
As of [06/30/1997]

Payee DUNS/SSN: 123456789   Payee: State University, 4801 Fairmont Ave. #411, Myrtle Beach, HI 10567

PR/Award No	(A) Net Authorization	(B) Net Draws	(C) Cum. Fed Cash Expenditures as of [6/30]	(D=B-C) Federal Cash With Recipient as of [6/30]	(E) Amt. in Col. D exp. by 3rd Business Day after [6/30]	(F=D-E) Adjusted Federal Cash With Recipient
P007A971234	$100,000.00	$40,000.00	$35,000.00	$5,000.00	$5,000.00	$0.00
P033A971234	$200,000.00	$80,000.00	$80,000.00	$0.00	$0.00	$0.00
P063P971234	$300,000.00	$120,000.00	$120,000.00	$0.00	$0.00	$0.00
Calculate	$600,000.00	$240,000.00	$235,000.00	$5,000.00	$5,000.00	*$0.00*

NOTE: Once you complete the above table, please reallocate your funds drawn among awards to reflect your actual

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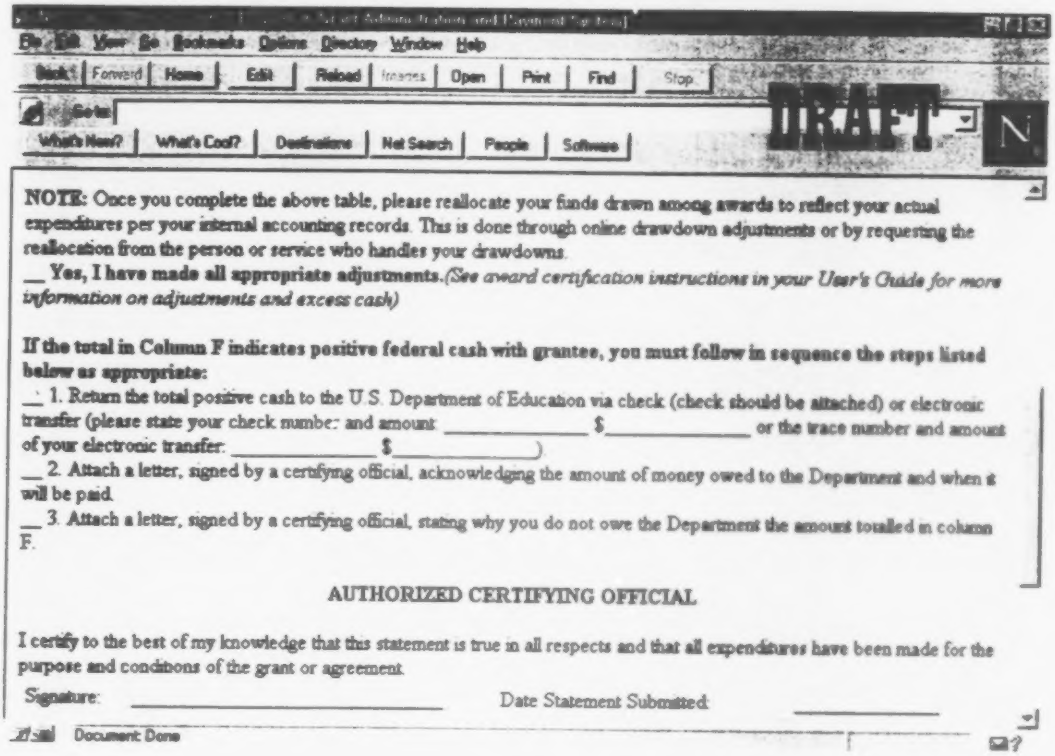
Notes

Figure L3: Federal Cash Award Certification Statement Screen


File
Edit
View
Go
Bookmarks
Options
Directory
Window
Help
Back
Forward
Home
Edit
Reload
Images
Open
Print
Find
Stop
Goto:
What's New?
What's Cool?
Destinations
Net Search
People
Software
DRAFT
N
Document: Done

NOTE: Once you complete the above table, please reallocate your funds drawn among awards to reflect your actual expenditures per your internal accounting records. This is done through online drawdown adjustments or by requesting the reallocation from the person or service who handles your drawdowns.

__ **Yes, I have made all appropriate adjustments.** *(See award certification instructions in your User's Guide for more information on adjustments and excess cash)*

If the total in Column F indicates positive federal cash with grantee, you must follow in sequence the steps listed below as appropriate:

__ 1. Return the total positive cash to the U.S. Department of Education via check (check should be attached) or electronic transfer (please state your check number and amount ______________ $______________ or the trace number and amount of your electronic transfer ______________ $______________)

__ 2. Attach a letter, signed by a certifying official, acknowledging the amount of money owed to the Department and when it will be paid.

__ 3. Attach a letter, signed by a certifying official, stating why you do not owe the Department the amount totalled in column F.

AUTHORIZED CERTIFYING OFFICIAL

I certify to the best of my knowledge that this statement is true in all respects and that all expenditures have been made for the purpose and conditions of the grant or agreement.

Signature: ______________________________ Date Statement Submitted: ____________

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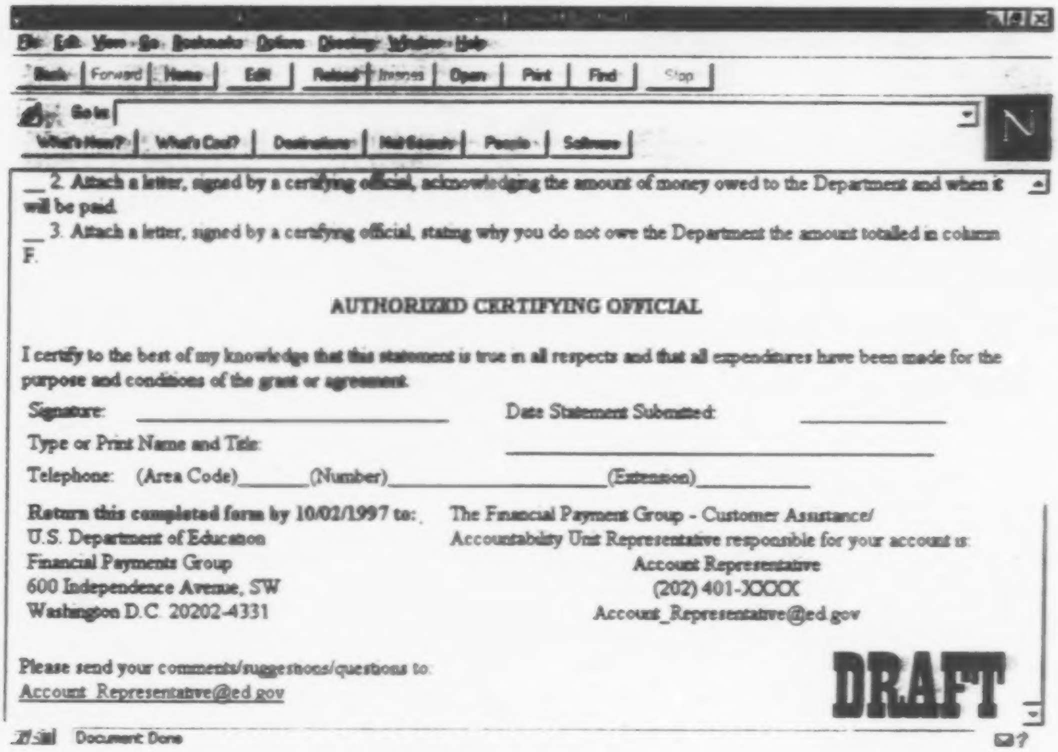
Notes

Figure L4: Federal Cash Award Certification Statement Screen



__ 2. Attach a letter, signed by a certifying official, acknowledging the amount of money owed to the Department and when it will be paid.

__ 3. Attach a letter, signed by a certifying official, stating why you do not owe the Department the amount totalled in column F.

AUTHORIZED CERTIFYING OFFICIAL

I certify to the best of my knowledge that this statement is true in all respects and that all expenditures have been made for the purpose and conditions of the grant or agreement.

Signature: ____________________ Date Statement Submitted: __________

Type or Print Name and Title: ______________________________

Telephone: (Area Code)______(Number)________________(Extension)_________

Return this completed form by 10/02/1997 to:
U.S. Department of Education
Financial Payments Group
600 Independence Avenue, SW
Washington D.C. 20202-4331

The Financial Payment Group - Customer Assistance/
Accountability Unit Representative responsible for your account is:
Account Representative
(202) 401-XXXX
Account_Representative@ed.gov

Please send your comments/suggestions/questions to:
Account_Representative@ed.gov

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- This screen is an exact representation of the Award Certification Statement mailed to payee and lists payee's awards that require certification. This statement includes awards in performance, liquidation, or suspension periods.
- Key features of this screen include being able to:
  - View award certification statement online and print a hard copy of this statement.
  - Input cumulative cash expenditures online (Column C). However, because of security issues regarding electronic signatures, you still need to mail a signed hard copy of the statement to ED. A hard copy of statement can be printed after expenditures are entered.
  - Save an Award Certification Statement after entering expenditure information. By doing so, you save entered data without submitting statement to ED. You may then return to statement at later date to modify it and submit it to ED. Once statement is submitted, you no longer are able to modify it.

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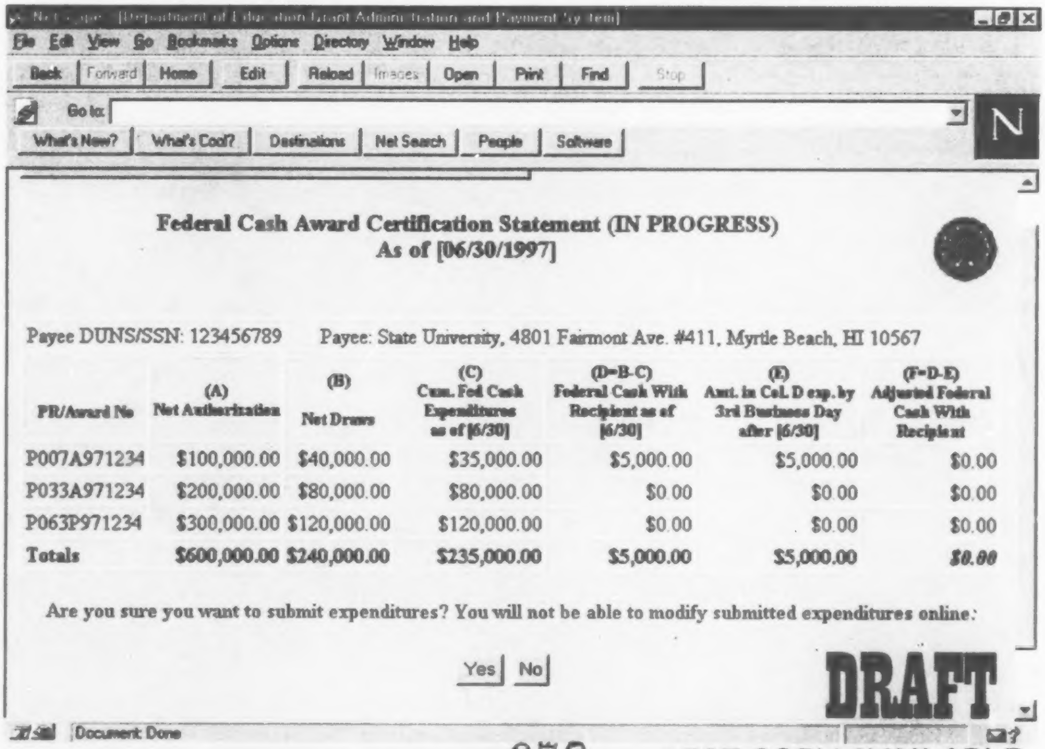
Notes

- To report cumulative expenditures for each award online, enter corresponding information in Column C and Column E.
- To compute Column D and Column F, click on "Calculate" button.
- Once these figures have been entered, you can either submit reported expenditures or save your work and submit statement to ED at a later date.
- To save the reported expenditures, click "Save (Work-in-Progress)" button (Figure L4). By saving statement, you will be able to return to it at a later date, make any changes (if needed), and submit statement to ED.
- To submit your reported expenditures to ED, click "Submit (Report Expenditures)" button (Figure L4).
- Once expenditures are submitted, GAPS will display your submitted Award Certification Statement in view-only (non-modifiable) mode on "**Federal Cash Award Certification Statement Confirmation**" screen (Figure L5).

Figure L5: Federal Cash Award Certification Statement Confirmation Screen


Netscape - [Department of Education Grant Administration and Payment System]
File Edit View Go Bookmarks Options Directory Window Help
Back Forward Home Edit Reload Images Open Print Find Stop
Go to:
What's New? What's Cool? Destinations Net Search People Software
N
Document: Done

Federal Cash Award Certification Statement (IN PROGRESS)
As of [06/30/1997]

Payee DUNS/SSN: 123456789 Payee: State University, 4801 Fairmont Ave. #411, Myrtle Beach, HI 10567

PR/Award No	(A) Net Authorization	(B) Net Draws	(C) Cum. Fed Cash Expenditures as of [6/30]	(D=B-C) Federal Cash With Recipient as of [6/30]	(E) Amt. in Col. D exp. by 3rd Business Day after [6/30]	(F=D-E) Adjusted Federal Cash With Recipient
P007A971234	$100,000.00	$40,000.00	$35,000.00	$5,000.00	$5,000.00	$0.00
P033A971234	$200,000.00	$80,000.00	$80,000.00	$0.00	$0.00	$0.00
P063P971234	$300,000.00	$120,000.00	$120,000.00	$0.00	$0.00	$0.00
Totals	**$600,000.00**	**$240,000.00**	**$235,000.00**	**$5,000.00**	**$5,000.00**	***$0.00***

Are you sure you want to submit expenditures? You will not be able to modify submitted expenditures online:

Yes No

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Notes

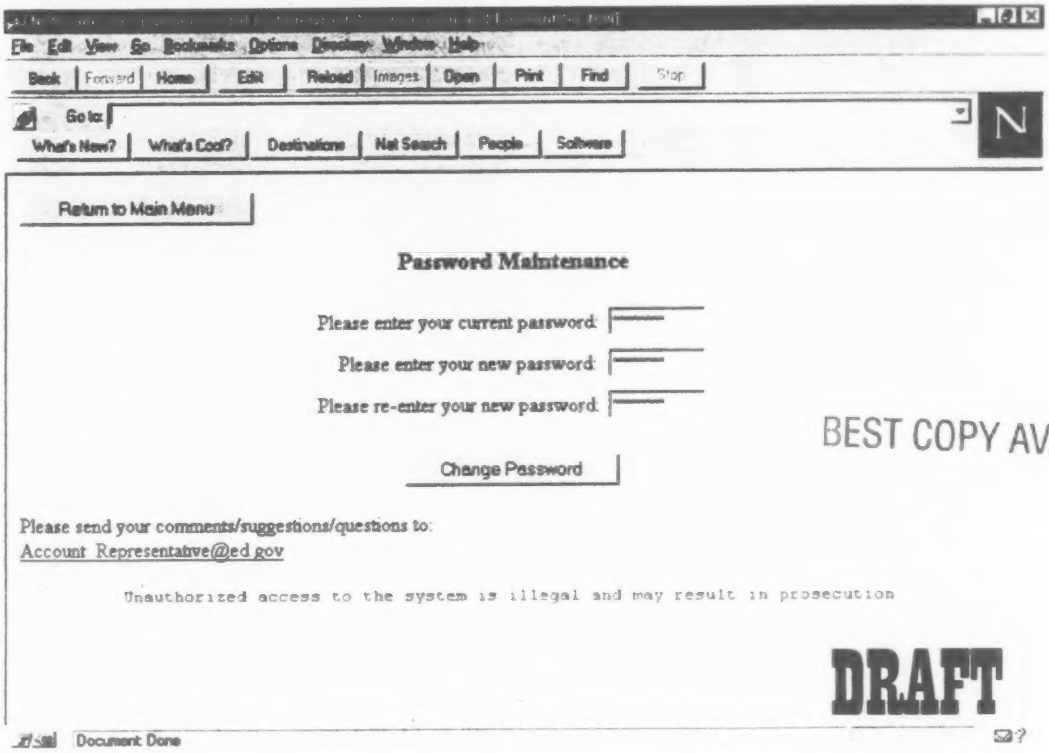
- This screen restates your reported expenditures and calculates Federal Cash with Recipient (Column D) and Adjusted Federal Cash with Recipient (Column F) for each award on basis of expenditures that were entered online.
- If you select "No," you return to "Federal Cash Award Certification Statement" screen.
- If you select "Yes," GAPS submits statement and displays statement in view-only mode.
- Once submitted, user must print the statement to certify the expenditures and mail statement to ED.
- There are specific actions payee must take if there are any positive amounts in Column F. See next section for steps for resolving these positive balances and for more detailed instructions on reporting expenditures and certifying the Award Certification Statement.

Notes

m. Password Maintenance

- If you return to GAPS "Main Menu" screen (Figure B), the third function button is password maintenance. This function enables users to change their passwords.
- As stated earlier, ED will provide user IDs and passwords to all users authorized to access GAPS by their payee. Users may not change their user IDs but they can change their passwords.
- When you click on "Password Maintenance" button on GAPS "Main Menu" screen, GAPS displays **"Password Maintenance"** screen (Figure M1).

Figure M1: Password Maintenance Screen


File Edit View Go Bookmarks Options Directory Window Help
Back
Forward
Home
Edit
Reload
Images
Open
Print
Find
Stop
Go to:
What's New?
What's Cool?
Destinations
Net Search
People
Software
Return to Main Menu
Change Password
Document: Done

Password Maintenance

Please enter your current password: ________

Please enter your new password: ________

Please re-enter your new password: ________

Please send your comments/suggestions/questions to:
Account_Representative@ed.gov

Unauthorized access to the system is illegal and may result in prosecution

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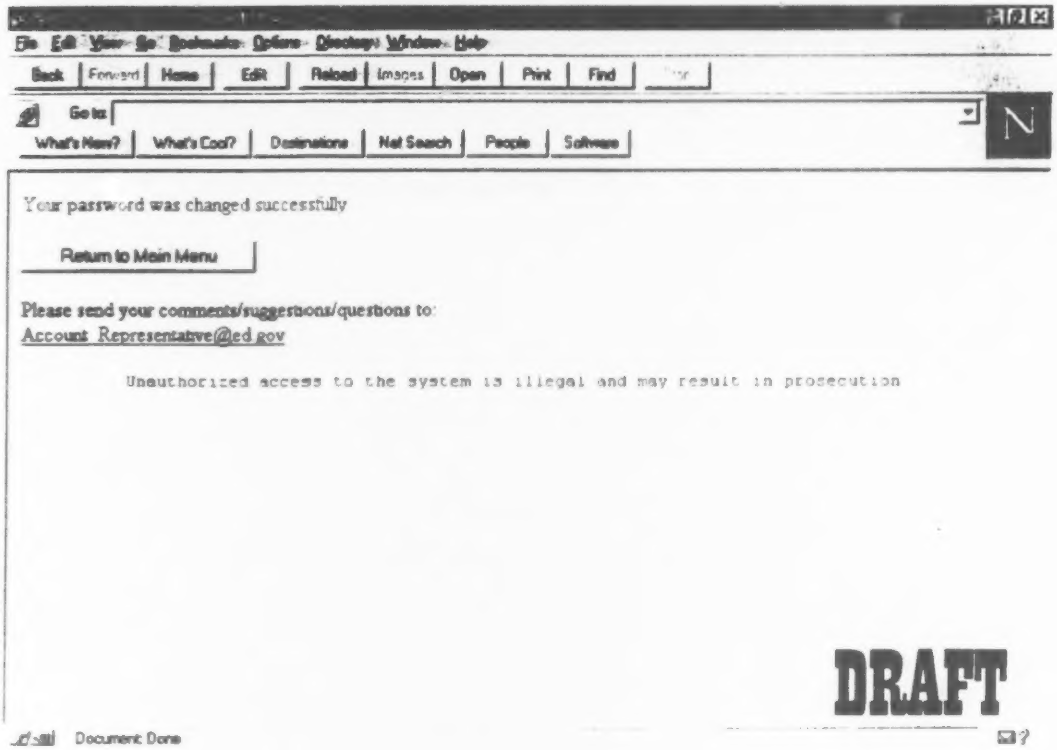
- To change your password, enter your current password and your new password.
- You will also need to re-enter your new password to ensure that you keyed in the password correctly.

Notes

- To submit your new password, click on "Change Password" button.
- You will then see a confirmation screen stating your password was changed (Figure M2).

Figure M2: Password Maintenance Confirmation Screen


File Edit View Go Bookmarks Options Directory Window Help
Back
Forward
Home
Edit
Reload
Images
Open
Print
Find
Go to:
What's New?
What's Cool?
Destinations
Net Search
People
Software
N
Return to Main Menu
Document: Done

Your password was changed successfully

Please send your comments/suggestions/questions to:
Account_Representative@ed.gov

Unauthorized access to the system is illegal and may result in prosecution

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Notes

D. EXPENDITURE REPORTING

- Under GAPS, payees will certify their expenditures by award once a year.
- Payees will receive two types of statements:
  - Federal Cash Quarterly Confirmation Statements
  - Federal Cash Award Certification Statements.

1. Federal Cash Quarterly Confirmation Statement

- Federal Cash Quarterly Confirmation Statement is generated at end of each quarter (9/30, 12/31, 3/31, 6/30) and is mailed to payees.
- It is similar to a bank statement and contains payee's cumulative grant information, drawdown transactions, and authorization changes by award.
- Use this information to reconcile your internal accounting records with ED's records.
- You do not have to respond to ED unless your records disagree with information contained in the statement.

U.S. Department of Education

FEDERAL CASH QUARTERLY CONFIRMATION STATEMENT

4th Quarter (04/1/1996 - 06/30/1996)

DUNS/SSN:	123456789
Name:	Demonstration Payee
Address:	Office of Payments 1 Main Street Hometown, MA 99999

CUMULATIVE SUMMARY TABLE

(As of 06/30/1996)

Award	(A) Net Authorization	(B) Cumulative Draws	(C) Cumulative Refunds	(D) Net Adjustments	(E) (E=B-C+D) Net Draws	(F) (F=A-E) Available Balance
P007A937100	66,000.00	65,200.00	2,200.00	(500.00)	62,500.00	3,500.00
P007A947100	50,000.00	45,000.00	0.00	0.00	45,000.00	5,000.00
P063P932800	150,400.00	150,400.00	0.00	0.00	150,400.00	0.00
P063P942800	97,096.00	86,000.00	1,000.00	500.00	85,500.00	11,596.00
P063P952800	1,436,300.00	1,400,000.00	0.00	0.00	1,400,000.00	36,300.00
Total	1,799,796.00	1,746,600.00	3,200.00	0.00	1,743,400.00	56,396.00

QUARTERLY SUMMARY TABLE

Award	(A) Available Balance (4/1/96)	(B) Net Change in Authorization	(C) Draws	(D) Refunds	(E) Net Adj.	(F) (F=A+B-C+D-E) Available Balance (6/30)
P007A937100	4,350.00	0.00	500.00	150.00	500.00	3,500.00
P007A947100	15,000.00	10,000.00	20,000.00	0.00	0.00	5,000.00
P063P932800	0.00	0.00	0.00	0.00	0.00	0.00
P063P942800	11,096.00	0.00	0.00	0.00	(500.00)	11,596.00
P063P952800	45,300.00	(1,000.00)	8,000.00	0.00	0.00	36,300.00
Total	72,746.00	9,000.00	28,500.00	150.00	0.00	56,396.00

QUARTERLY DETAIL TABLE

Award	Transactions				
	Date	Changes in Authorization	Drawdowns	Refunds	Adjustments
P007A937100	4/3/96		250.00		
	5/1/96		250.00		
	5/10/96				500.00
	5/17/96			150.00	
P007A947100	5/13/96		15,000.00		
	6/1/96	10,000.00			
	6/27/96		5,000.00		
P063P942800	5/10/96				(500.00)
P063P952800	4/3/96		3,000.00		
	6/18/96		5,000.00		
	6/20/96	(1,000.00)			

If there is a discrepancy between this quarterly statement and your records: (1) contact your program office representative for authorization discrepancies and/or (2) contact your payment account representative for drawdown discrepancies. If you do not respond by XX/XX/XXXX, [system generated - 35 calendar days after run date] agreement with your records will be assumed. Please address payment correspondence to your FINANCIAL PAYMENT GROUP Account Representative:

Account Rep Name
U.S. Department of Education
600 Independence Avenue, SW Room 3321
Washington, D.C. 20202-4331
(202) 401-XXXX
account_rep@ed.gov

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INSTRUCTIONS
Quarterly Confirmation Statement

This Quarterly Confirmation Statement, issued at the end of each quarter (9/30, 12/31, 3/31, 6/30), is similar to a bank statement. In addition to cumulative grant information, it will contain a payee's drawdown activity and authorization changes for the quarter. Payees should use this information to reconcile their internal accounting records with the Department and only return the statement, or contact ED, if they disagree with any of the information contained in the statement.

If there is a discrepancy between the information provided in the statement and the payee's records, the payee should:

1. Contact their ED program office for authorization discrepancies, and/or,
2. Contact their account representative for drawdown discrepancies or inquires related to cash balances.

NOTE: If a payee does not respond to the Department by the date indicated at the end of the statement, then ED will assume the payee's internal accounting records agree with this statement.

Cumulative Summary Table

Grant award information contained in this table is cumulative (from the start of each grant to the statement date).

	Award	List of grant awards
A	**Net Authorization**	This represents the net authorization amount of each grant award. This amount includes all authorizations and changes in authorizations as of the statement date.
B	**Cumulative Draws**	This represents the total amount drawn on each grant award from the start of the grant to the statement date. These draws also reflect any FRB returns or Account Receivable offsets.
C	**Cumulative Refunds**	This represents the total amount of money refunded to the Department by the payee. A refund should be made to the Department when a payee does not spend all drawn money within three business days from the date of deposit in their bank account.
D	**Net Adjustments**	This represents the net result of all adjustments made to the amounts drawn on a grant from the start of the grant to the statement date.
E	**Net Draws**	This represents the net amount drawn on each grant award as of the statement date. Net draws are calculated by taking Cumulative Draws, then subtracting Cumulative Refunds, and adding or subtracting Net Adjustments. NOTE: A payee's net draws should not be more than the authorized amount for any one grant award (each amount in column E should be less than or equal to each related amount in column A).
F	**Available Balance**	This represents total amount of funds available for draw for each grant award. This figure is calculated for each award by subtracting Net Draws from the Cumulative Authorization.

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Quarterly Summary Table

The information contained in this table reflects activity, on each grant, during the statement quarter only.

	Award	Listing of grant awards held by the payee.
A	**Available Balance** *(Beginning Balance)*	This represents the total amount of funds available to draw at the start of the quarter. In other words this is the payee's quarter **beginning** balance, with the Department, by award.
B	**Net Change in Authorization**	This represents the net change in a grant's authorization amount that occurred during the statement quarter.
C	**Draws**	This represents the total amount of funds drawn on each grant during this statement quarter. These draws also reflect any FRB returns or Account Receivable offsets.
D	**Refunds**	This represents the total amount of money refunded to the Department by the payee during the statement quarter. A refund is made to the Department when a payee does not spend all drawn money within three business days.
E	**Net Adjustments**	This represents the net result of all increases and decreases to drawn funds made on a grant award during the statement quarter. Thus, these amounts can be positive or negative.
F	**Available Balance** *(Ending Balance)*	This represents the total amount of funds available for draw by the payee as of the statement date (In other words this is the payee's ending balance at the Department for each grant award). This figure is calculated by taking the beginning balance, plus any changes in authorization, minus any draws, plus any refunds, and plus or minus any adjustments.

Quarterly Detail Table

This table shows the detail transactions, that occurred during the quarter, on each grant award. These figures represent individual transactions of the above Summary Table. The grant activity for each award is listed in chronological order.

NOTE: The (RE) and (OF) marks in the Drawdowns column represent a Return or Offset amount against a payee's drawdowns.

Returns (RE) - This occurs when a payee makes a drawdown request however the request is returned to the Department by the Federal Reserve Bank. (Thus the payment request was never deposited in the payee's bank account). This can occur for various reasons, however the primary reason is because the payee's bank did not recognize the bank account associated with the payment request. This action should not be confused with refunds which are funds returned to the Department by a payee.

Offset (OF) - This is a garnish on a payee's drawdown request to reclaim a receivable owed to the Department by the payee. When a payee makes a drawdown request, a portion of the request (determined by an offset schedule established by the grantee) is sent to ED's Account's Receivable and the balance is then deposited in the payee's bank account.

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Notes

2. **Federal Cash Award Certification Statement**
   - Replaces the current ED/PMS 272 Report.
   - Issued as of 6/30 and is due back to ED by 8/31.
   - Payees will use this statement to certify their cash expenditures and cash balances for each award.
   - Payees will also be required to resolve any excess cash balances with ED at this time. However, payees should be resolving all excess cash balances throughout the year.

U.S. Department of Education

FEDERAL CASH AWARD CERTIFICATION STATEMENT

As of [XX/XX/XXXX]

DUNS/SSN: 123456789
Name: Demonstration Payee
Address: Office of Payments
1 Main Street
Hometown, MA 99999

Award	(A) Net Authorization	(B) Net Draws	(C) Cumulative Federal Cash Expenditures as of [6/30]	(D) (D=B-C) Federal Cash with Grantee as of [6/30]	(E) Amount in Col. D Expended by 3rd Business Day after [6/30]	(F) (F=D-E) Adjusted Federal Cash with Grantee
P007A937100	66,000.00	62,500.00				
P007A947100	50,000.00	45,000.00				
P063P932800	150,400.00	150,400.00				
P063P942800	97,096.00	85,500.00				
P063P952800	1,436,300.00	1,400,000.00				
Totals	1,796,796.00	1,743,400.00				

NOTE: Once you complete the above table, please reallocate your funds drawn among awards to reflect your actual expenditures per your internal accounting records. This is done through online drawdown adjustments or by requesting the reallocation from the person or servicer who handles your drawdowns.

☐ **YES, I have made all appropriate adjustments.** (*See award certification instructions in your User's Guide for more information on adjustments and excess cash)*

If the net total in column F indicates positive federal cash with grantee, you must follow in sequence the steps listed below as appropriate:

☐ 1. Return the total positive Federal cash to the U.S. Department of Education via check (check should be attached) or electronic transfer. Please state your check number and amount: ____________ $______________ or the trace number and amount of your electronic transfer: ____________ $____________

☐ 2. Attach a letter, signed by a certifying official, acknowledging the amount of money owed to the Department and when it will be paid.

☐ 3. Attach a letter, signed by a certifying official, stating why you do not owe the Department the amount totaled in column F.

AUTHORIZED CERTIFYING OFFICIAL

I certify to the best of my knowledge that this statement is true in all respects and that all expenditures have been made for the purpose and conditions of the grant(s) or agreement(s).

Signature: ____________________________ Date Statement Submitted: ______________

Type or Print Name and Title: ____________________________

Telephone (Area Code) ________ (Number) ______________ (Extension) ________

Return this completed form by XX/XX/XXXX to:
U.S. Department of Education
Financial Payments Group/CAAU
600 Independence Avenue, SW
Washington, D.C. 20202-4331

The Financial Payment Group - Customer Assistance/ Accountability Unit Representative responsible for your account is:
Account Rep Name
(202) 401-XXXX
account_rep@ed.gov

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INSTRUCTIONS
Award Certification Statement

This Award Certification Statement is replacing the current EDPMS 272 report. Payees will be required to certify to ED their cash expenditures and their cash balances for each grant award as of the statement date. At this time, the payee will also resolve and certify any excess cash balances to the Department. (However, payee's should be resolving all excess cash balances throughout the year). Certification of expenditures and balances could also be required at other times, such as for grant close-outs, audits, and failure to resolve excess cash balances on prior award certification statements.

	Award Column	List of grant awards
A	**Net Authorization**	This represents the net authorization amount of each grant award. This amount includes all authorizations and changes in authorizations as of the statement date. If the cumulative authorization amount does not agree with the payee's records, the payee must contact the grant or program office which issued the award. *(Pre-printed figure provided by ED)*
B	**Net Draws**	This represents the net amount drawn on each grant award as of the statement date (taking into account any adjustments and subtracting any refunds – these draws also reflect any FRB returns or Account Receivable offsets). If the payee does not agree with the net draws amount, the payee should contact their payment account representative. NOTE: A payee's net draws should not be more than the authorized amount for any one grant award (column B should be less than or equal to column A). *(Pre-printed figure provided by ED)*
C	**Cumulative Cash Expenditures**	The payee must enter the cumulative expenditures for each award from the beginning of the award to the end of the reporting period. Cumulative Expenditures are defined as actual dollars of the grant award spent on the funded program. NOTE: A payee can not report expenditures greater than the amount that they are authorized for any one grant award. *(Provided by Payee)*
D	**Federal Cash With Payee**	This is a calculated amount for each award in which column C is subtracted from column B. This figure represents the amount of unspent cash drawn by the payee as of the statement date. According the Office of Management and Budget Circular A-133, the payee is required to spend this cash within three business days from the day of deposit or return the amount to the Department. *(Calculated by Payee)*
E	**Amount in D Expended by the 3rd Business Day**	If there are any positive balances in column D, this column provides the payee with the opportunity to enter the portion of this amount spent by the third business day after the statement date. Furthermore, if any balance in Column D is negative or zero, no entry is to be made on that line. *(Provided by Payee)*
F	**Adjusted Federal Cash with Payee**	This is a calculated amount in which column E is subtracted from column D. 1) If this amount is negative, then the payee has expenditures for which it has not drawn ED funds. 2) If this amount is positive then the payee drew more money then needed to meet immediate needs. This means that the payee is holding federal cash from that grant award. Thus, the payee is in an **excess cash position** on this award. Further payment requests made on any grant award reflecting excess cash (a positive balance) will be routed to an ED payment representative for approval. *(See Note on how to resolve excess cash).(Calculated by Payee)*
	Total Box	This calculated box is the net total value of all positive and negative balances in column F. If the total in this box is a positive number, the payee is in a net excess cash position with the Department.

ADJUSTMENTS

An **adjustment** is the movement of drawn funds from one grant award to another. The adjusted net draws should reflect a payee's actual expenditures so that the Department's records will agree with the payee's internal accounting records.

> FOR EXAMPLE: If Grant #1 has a balance of $1,000 in column F and Grant #2 has a balance of ($800) in column F, then an adjustment should be made to move the $800 of the excess cash from Grant #1 to Grant #2 (which is in the hole by $800). By doing so, Grant #1 has reduced its excess cash balance to $200 and Grant #2 has a $0 balance.

NOTE: Once all adjustments have been made, a payee must mark the box, on the Award Certification Statement, to indicate: "Yes, I have made all appropriate adjustments."

It is the payee's responsibility to make these adjustments. Adjustments can be made at any time, either on-line on the adjustment screen, or by requesting the reallocation from the person or service who processes drawdown requests.

EXCESS CASH

Excess cash is when any grant award has a positive cash balance. This occurs when a payee's net draws exceed expenditures, for one or more of its awards, three business days after the drawdown request has been deposited into the payee's bank account.

Payees should reconcile their grant awards on a regular basis and are required to resolve any excess cash balances throughout the year.

How to Resolve Excess Cash

Once all adjustments have been made and the grant award balances are either all positive or all negative, a payee can determine how to resolve any positive cash balances (excess cash) or negative cash balances (cash deficiency) it has with the Department. Again, if an award in column F has a positive balance, the payee is in an excess cash position with the Department. To eliminate the excess cash, the payee must follow, in sequence, the steps listed below:

1. Return the total positive federal cash to the U.S. Department of Education via check or electronic transfer. Along with the refund, a payee should specify (directly on the check, on an attached letter, etc.) which grant awards the returned funds are to be applied to, and the amount being returned for each award.
2. Attach a letter, signed by a certifying official, acknowledging the amount of money owed to the Department and stating when it will be paid. Be sure to state the grant award number(s) along with the corresponding amount(s).
3. Attach a letter, signed by a certifying official, stating why you do not owe the Department the excess cash computed in column F. Be sure to state the grant award number(s) along with the corresponding amount(s).

NOTE: A payee must mark the appropriate box to indicate which action(s) were taken.

If a payee has a cash deficiency (a negative cash balance) with the Department, for one or more awards, then additional drawdowns from the Department can be requested.

Failure to Resolve Excess Cash

If a payee fails to eliminate all excess cash balances via adjustments or one of the steps listed above, the payee is in violation of OMB Circular A-133. As a result any drawdown requests made by the payee, for awards in excess cash, will be routed to an ED representative for approval. In addition, a second Federal Cash Award Certification Statement will be generated on September 30th for the payee to submit and certify their expenditures through September 30th. This statement must be returned to the Department in 31 days (by October 31st). Upon receipt of this statement, if the payee still has excess cash, then the payee will receive a bill for their excess cash amount due.

Any questions on completing this statement, should be directed to your Payment Account Representative.

Notes

E. CASE STUDY: COMPLETING THE FEDERAL CASH AWARD CERTIFICATION STATEMENT

You just began participating in U.S. Department of Education Student Financial Aid (SFA) programs and received the following grant awards and authorizations as of 4/1/xx:

1. Award A $100,000
   Award B $350,000
   Award C $ 75,000

The following transactions occurred on the three awards from 4/1/xx to 6/30/xx:

2. 5/5/xx Draw down the following funds:
   Award A $ 50,000
   Award B $100,000
   Award C $ 10,000

3. 4/6/xx Spend the following funds:
   Award A $ 45,000
   Award B $100,000
   Award C $ 15,000

4. 4/30/xx Spend the following funds:
   Award B $50,000

5. 5/1/xx Draw down the following funds:
   Award A $50,000
   Award B $50,000
   Award C $25,000

6. 5/2/xx Spend the following funds:
   Award A $50,000
   Award C $25,000

7. 6/29/xx Draw down the following funds:
   Award B $25,000
   Award C $25,000

8. 6/30/xx The authorization on Award B is reduced by $100,000

9. 7/2/xx Spend the following funds:
   Award C $25,000

Notes

Instructions for Completing the Award Certification Case Study:

1. Post each transaction (numbers 1 through 9 above) to the appropriate "T" accounts. (Hint: Use the memo award control accounts to keep a running total of each award authorization.)
2. Complete the 6/30/xx Federal Cash Award Certification Statement.
3. Resolve any excess cash balances.

"T" ACCOUNTS WORKSHEET

Memo Award
Control Account
Award A

Cash
Award A

Revenue
Award A

Expenses
Award A

Memo Award
Control Account
Award B

Cash
Award B

Revenue
Award B

Expenses
Award B

Memo Award
Control Account
Award C

Cash
Award C

Revenue
Award C

Expenses
Award C

U.S. Department of Education
FEDERAL CASH AWARD CERTIFICATION STATEMENT
As of [XX/XX/XXXX]

DUNS/SSN: 123456789
Name: Demonstration Payee
Address: Office of Payments
1 Main Street
Hometown, MA 99999

Award	(A) Net Authorization	(B) Net Draws	(C) Cumulative Federal Cash Expenditures as of [6/30]	(D) (D=B-C) Federal Cash with Grantee as of [6/30]	(E) Amount in Col. D Expended by 3rd Business Day after [6/30]	(F) (F=D-E) Adjusted Federal Cash with Grantee
Award A	100,000.00	100,000.00				
Award B	250,000.00	175,000.00				
Award C	75,000.00	60,000.00				
Totals	325,000.00	335,000.00				

NOTE: **Once you complete the above table, please reallocate your funds drawn among awards to reflect your actual expenditures per your internal accounting records. This is done through online drawdown adjustments or by requesting the reallocation from the person or servicer who handles your drawdowns.**

☐ **YES, I have made all appropriate adjustments.** *(See award certification instructions in your User's Guide for more information on adjustments and excess cash)*

If the net total in column F indicates positive federal cash with grantee, you must follow in sequence the steps listed below as appropriate:

☐ 1. Return the total positive Federal cash to the U.S. Department of Education via check (check should be attached) or electronic transfer. Please state your check number and amount: ____________ $________________ or the trace number and amount of your electronic transfer: ______________ $____________)

☐ 2. Attach a letter, signed by a certifying official, acknowledging the amount of money owed to the Department and when it will be paid.

☐ 3. Attach a letter, signed by a certifying official, stating why you do not owe the Department the amount totaled in column F.

AUTHORIZED CERTIFYING OFFICIAL

I certify to the best of my knowledge that this statement is true in all respects and that all expenditures have been made for the purpose and conditions of the grant(s) or agreement(s).

Signature: ______________________________________ Date Statement Submitted: ______________

Type or Print Name and Title: ______________________________

Telephone (Area Code) ________ (Number) ________________ (Extension) ________

Return this completed form by XX/XX/XXXX to:
U.S. Department of Education
Financial Payments Group/CAAU
600 Independence Avenue, SW
Washington, D.C. 20202-4331

The Financial Payment Group - Customer Assistance/ Accountability Unit Representative responsible for your account is:
Account Rep Name
(202) 401-XXXX
account_rep@ed.gov

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Other Current Issues

CONTENTS

A. Reauthorization

B. New Tax Provisions for Postsecondary Education

  1. HOPE Scholarship and Lifetime Learning Credits
  2. Other Tax Provisions
  3. How to Get More Information

C. School Recertification

  1. The Recertification Process
  2. How to Report Updated Information

D. New NSLDS Milestones

  1. SSCR Processing Through NSLDS
  2. Schedule for Receiving SSCR Rosters
  3. Post-Screening Students' Title IV Eligibility

E. Project EASI

F. Single Identifier Initiative

G. FAFSA on the Web

OBJECTIVES

By the end of this session, you will be aware of:

- preparations for the upcoming reauthorization of the Higher Education Act
- new tax provisions to assist with postsecondary education, including the HOPE Scholarship
- information needed in the recertification process for all schools participating in the Title IV programs, and how to update changed information
- new functions in the National Student Loan Data System (NSLDS)
- Project EASI activities and milestones
- progress on the Single Identifier Initiative
- the implementation of the Free Application for Federal Student Aid (FAFSA) on the Web

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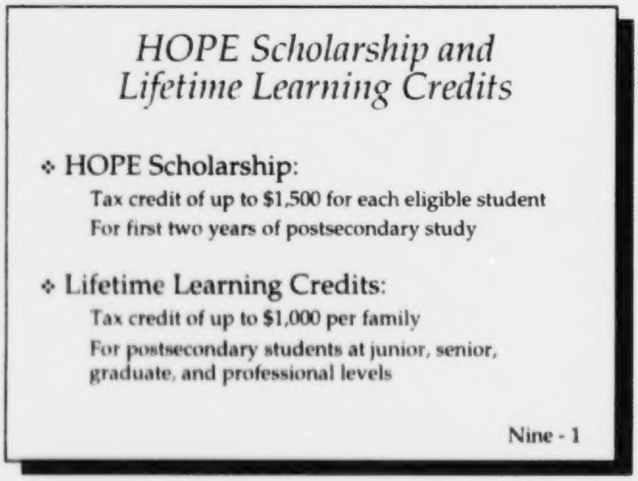
Notes

A. REAUTHORIZATION

- HEA expired on September 30, 1997.
  - The current Act was extended automatically.
- ED has sought input from the entire financial aid community to develop its reauthorization proposals.

B. NEW TAX PROVISIONS FOR POSTSECONDARY EDUCATION

1. HOPE Scholarship and Lifetime Learning Credits

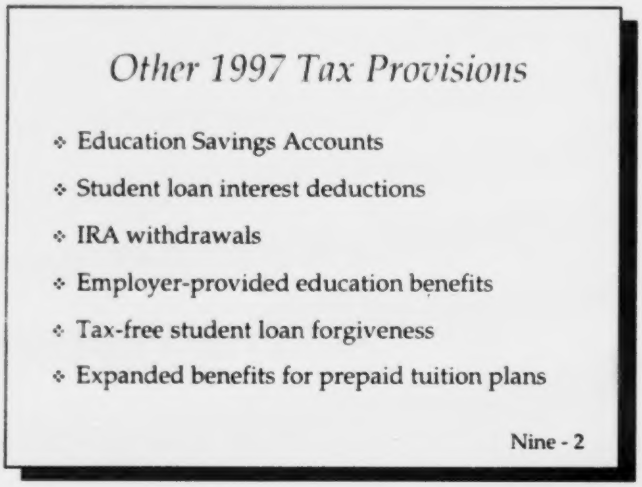


HOPE Scholarship and Lifetime Learning Credits

- HOPE Scholarship:
  - Tax credit of up to $1,500 for each eligible student
  - For first two years of postsecondary study
- Lifetime Learning Credits:
  - Tax credit of up to $1,000 per family
  - For postsecondary students at junior, senior, graduate, and professional levels

Nine - 1

2. Other Tax Provisions



Other 1997 Tax Provisions

- Education Savings Accounts
- Student loan interest deductions
- IRA withdrawals
- Employer-provided education benefits
- Tax-free student loan forgiveness
- Expanded benefits for prepaid tuition plans

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Notes

3. How to Get More Information

- IRS Web site:

  http://www.irs.ustreas.gov/hot/tax-law.html

- With questions about tax forms, call IRS at:

  1-800-TAX-FORM (1-800-829-3676)

- With individual questions about how to file tax claims, call IRS at:

  1-800-829-1040

- ED will not answer tax questions, but will provide general information through:

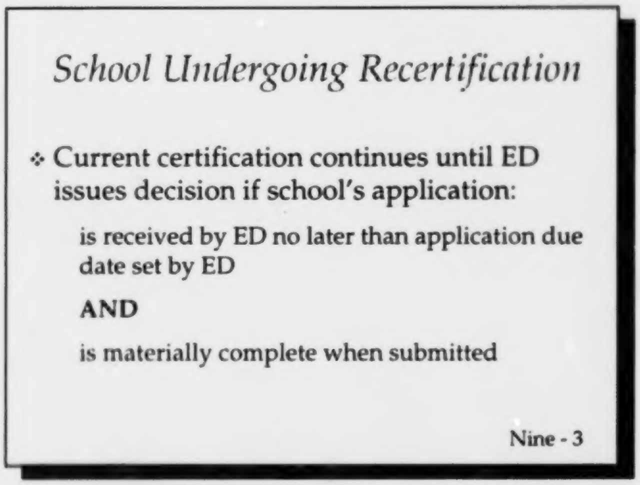
  Web site: http://www.ed.gov/prog_info/SFA/StudentGuide

  1-800-4FED-AID (1-800-433-3243)

  1-800-USA-LEARN (1-800-872-5327)

C. SCHOOL RECERTIFICATION

1. The Recertification Process



School Undergoing Recertification

- Current certification continues until ED issues decision if school's application:

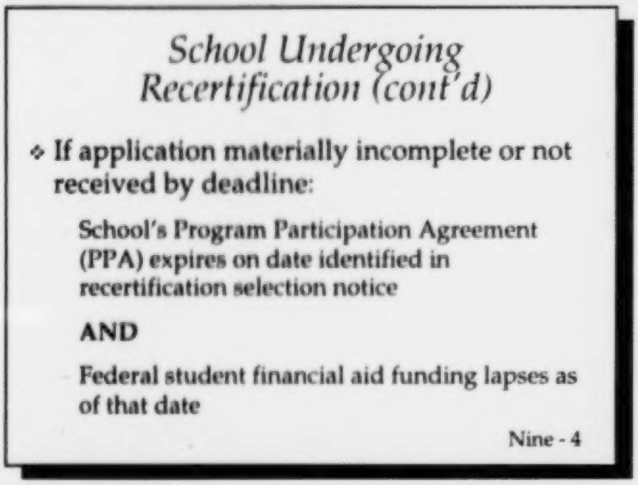
  is received by ED no later than application due date set by ED

  AND

  is materially complete when submitted

Nine - 3

Notes



School Undergoing Recertification (cont'd)

- **If application materially incomplete or not received by deadline:**

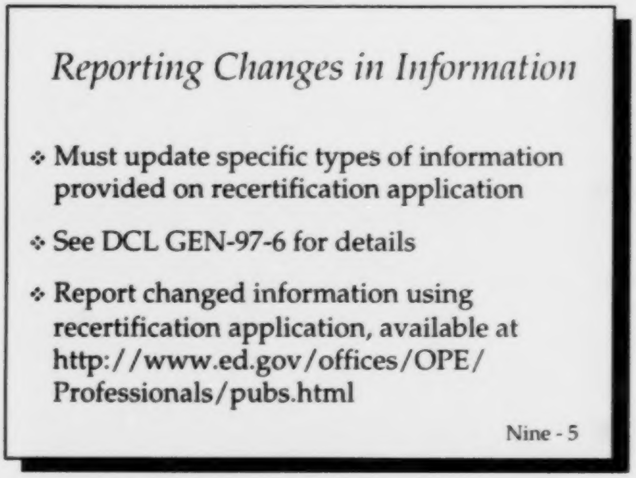
  School's Program Participation Agreement (PPA) expires on date identified in recertification selection notice

  AND

  Federal student financial aid funding lapses as of that date

Nine - 4

2. How to Report Updated Information



Reporting Changes in Information

- Must update specific types of information provided on recertification application
- See DCL GEN-97-6 for details
- Report changed information using recertification application, available at http://www.ed.gov/offices/OPE/Professionals/pubs.html

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- Two types of updating requirements:
  - changes requiring ED's approval before disbursing Title IV funds
  - changes NOT requiring ED's approval before disbursing Title IV funds
- Schools must follow ED's reporting time frames
- Schools must report to ED within 10 calendar days of:
  - closing or planning to close, or
  - filing for bankruptcy

CHANGES REQUIRING ED'S WRITTEN APPROVAL BEFORE DISBURSING TITLE IV FUNDS

Change	Use
All Schools	
Accrediting agency (Notify ED when you BEGIN making ANY change that deals with your institution-wide accreditation.)	Question 15
State authorizing agency	Question 17
Institutional structure	Question 18
Educational programs outside the scope of current approval	Question 26
Addition of non-degree programs outside the scope of current approval	Question 27
Changing from or to clock or credit hours	Question 27
Addition of a location	Question 30
Addition of a federal student financial aid program (e.g. Direct Loan or FFEL) (Accrediting agency and state authorizing agency approvals not required.)	Question 37
For-Profit Schools Only	
Type of ownership	Question 22
Ownership	Question 24

Procedures

- No later than 10 calendar days after change, report change and date of change by sending letter on school letterhead to ED; and
- On receiving accrediting agency and state authorizing agency approvals, send:
  - Letter on school letterhead stating change, with school's 8-digit Office of Postsecondary Education Identification (OPE ID) no. and 9-digit Employer Identification Number (EIN);
  - Copies of approvals;
  - Portion of application containing changed information and any required documentation; and
  - Section L of application containing original signature of appropriate person.

If sent by U.S. Postal Service, address to:

U.S. Department of Education
Institutional Participation and
Oversight Service
P.O. Box 44805
L'Enfant Plaza Station
Washington, DC 20026-4805

If sent by commercial overnight mail or courier, address to:

U.S. Department of Education
Institutional Participation and
Oversight Service
7th and D Streets, SW
GSA Building, Room 3522
Washington, DC 20407

CHANGES NOT REQUIRING ED'S PRIOR APPROVAL FOR DISBURSING TITLE IV FUNDS

Change	Use
All Schools	
Name of school*	Question 2
Name of CEO/president/chancellor	Question 10
Name of chief fiscal officer/financial officer	Question 11
Principal location—address change only*	Question 29
Other locations—address change only*	Question 30
Third-party servicers that deal with federal student aid	Question 58
Private Nonprofit and For-Profit Schools Only (NOT public institutions)	
Board of directors (but *not* trustees)	Question 20
Foreign Schools Only (including foreign graduate medical schools)	
Postsecondary authorization	Question 42
Degree authorization	Question 43
Program equivalence	Question 44
Program criteria	Question 45
U.S. administrative and/or recruitment offices	Question 46
Foreign Graduate Medical Schools Only	
Facility at which school provides graduate medical instruction	Question 47
Authorizing entity	Question 48
Approval of authorizing entity	Question 49
Length of program	Question 50
Programs located in US	Question 51

*School must send ED copies of accrediting agency and state authorizing agency approvals as soon as they are received.

Procedures

- No later than 10 calendar days after change, send letter on school letterhead to ED stating:
  - Change and date of change;
  - School's 8-digit Office of Postsecondary Education Identification (OPE ID) number and 9-digit Employer Identification Number (EIN);
  - Portion of application containing changed information and any required documentation; and
  - Section L of application containing original signature of appropriate person

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Washington, DC 20407

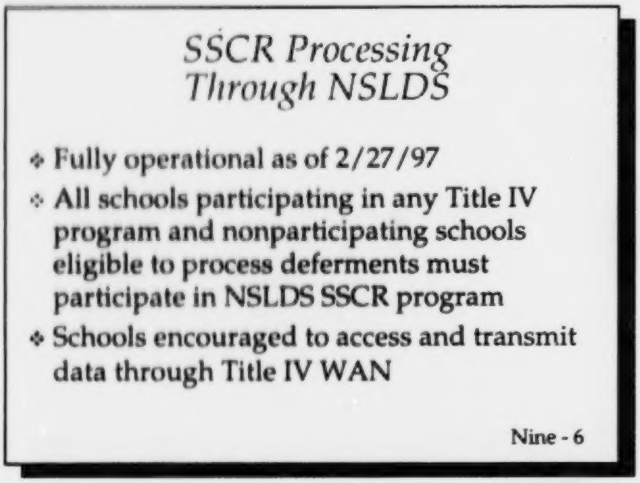
Notes

Changes to Institution-Wide Accreditation

- Very important to notify ED in advance if your school:
  - proposes to change its primary institution-wide accreditation, or
  - proposes to become accredited by more than one institution-wide accrediting agency
- See Dear Colleague Letter GEN-97-6 for details and ED contacts, telephone numbers, and addresses.

D. NEW NSLDS MILESTONES

1. SSCR Processing Through NSLDS



SSCR Processing Through NSLDS

- Fully operational as of 2/27/97
- All schools participating in any Title IV program and nonparticipating schools eligible to process deferments must participate in NSLDS SSCR program
- Schools encouraged to access and transmit data through Title IV WAN

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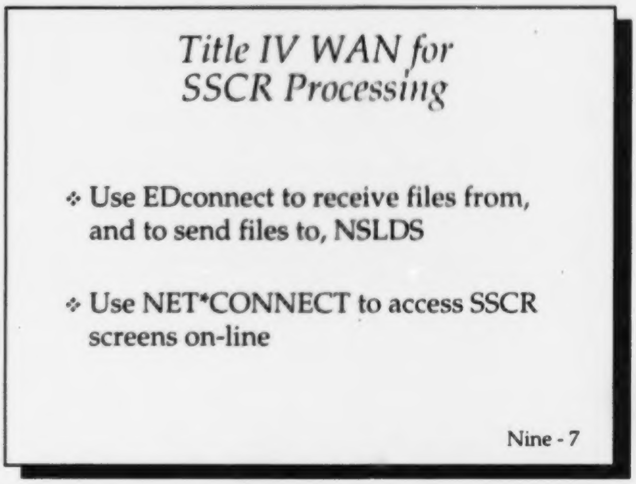
- TIV WAN Customer Service telephone number:

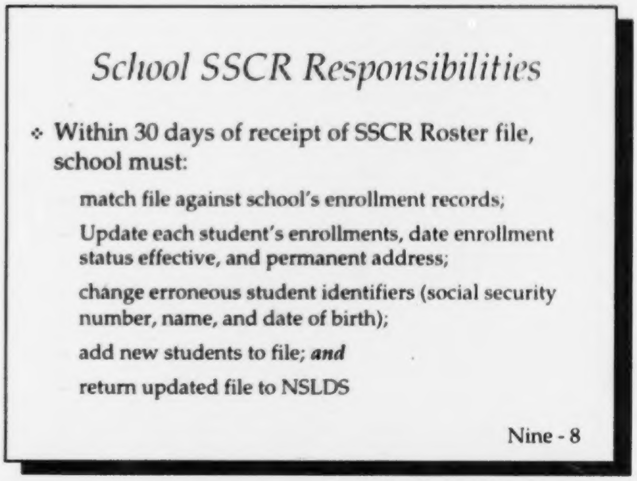
  1-800-615-1189



Title IV WAN for SSCR Processing

- Use EDconnect to receive files from, and to send files to, NSLDS
- Use NET*CONNECT to access SSCR screens on-line

Nine - 7



School SSCR Responsibilities

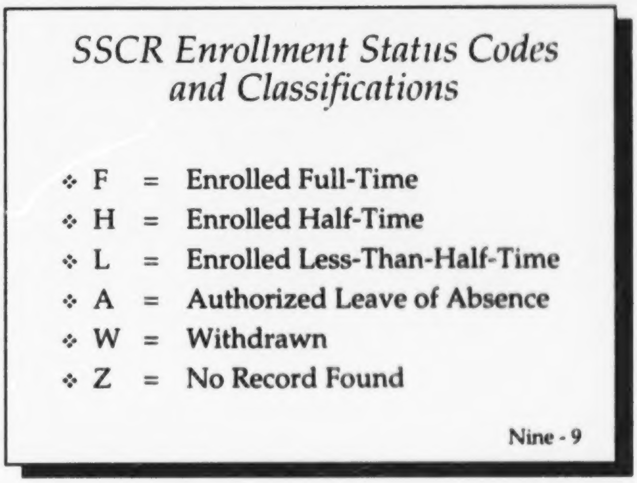
- Within 30 days of receipt of SSCR Roster file, school must:
  - match file against school's enrollment records;
  - Update each student's enrollments, date enrollment status effective, and permanent address;
  - change erroneous student identifiers (social security number, name, and date of birth);
  - add new students to file; ***and***
  - return updated file to NSLDS

Nine - 8

- On the NSLDS Roster File:
  - "Date Enrollment Status Effective" is the date the student began continuous enrollment in his or her current status of enrollment
  - Schools must provide the permanent address if the Roster File doesn't show one
- The school submits the completed SSCR Roster File, called the "SSCR Submittal File."

Notes

Notes



SSCR Enrollment Status Codes and Classifications

- F = Enrolled Full-Time
- H = Enrolled Half-Time
- L = Enrolled Less-Than-Half-Time
- A = Authorized Leave of Absence
- W = Withdrawn
- Z = No Record Found

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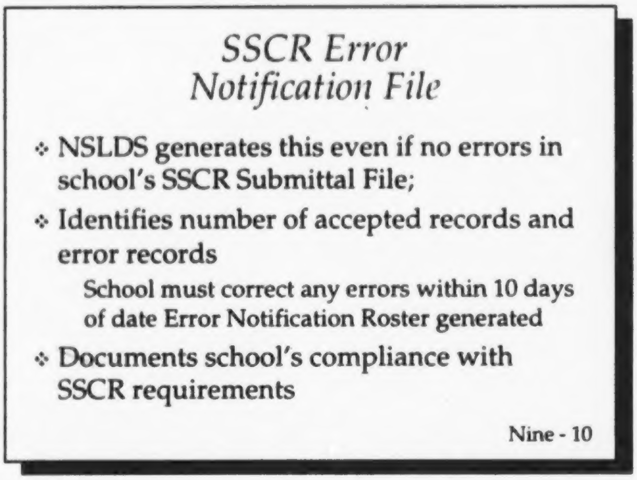


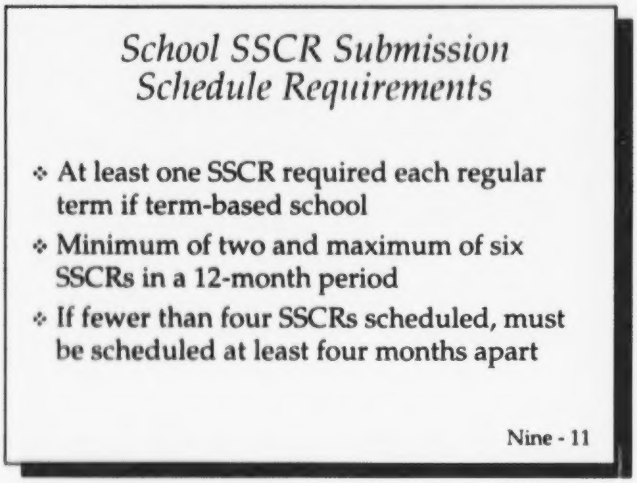
SSCR Error Notification File

- NSLDS generates this even if no errors in school's SSCR Submittal File;
- Identifies number of accepted records and error records
  - School must correct any errors within 10 days of date Error Notification Roster generated
- Documents school's compliance with SSCR requirements

Nine - 10

2. Schedule for Receiving SSCR Rosters

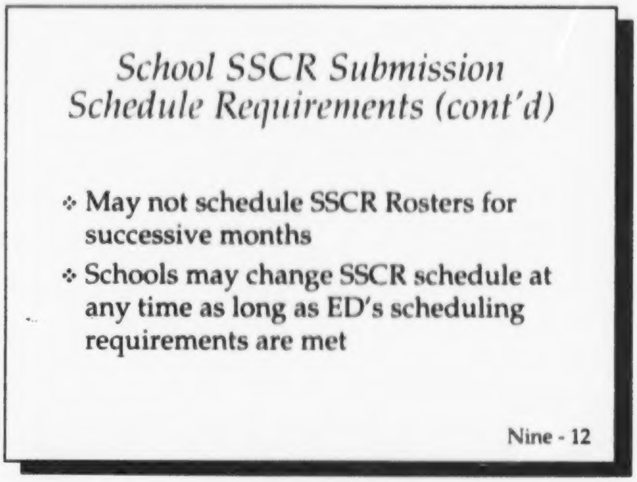
Notes



School SSCR Submission Schedule Requirements

- ❖ At least one SSCR required each regular term if term-based school
- ❖ Minimum of two and maximum of six SSCRs in a 12-month period
- ❖ If fewer than four SSCRs scheduled, must be scheduled at least four months apart

Nine - 11



School SSCR Submission Schedule Requirements (cont'd)

- ❖ May not schedule SSCR Rosters for successive months
- ❖ Schools may change SSCR schedule at any time as long as ED's scheduling requirements are met

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- Schools can change their schedules using the NSLDS SSCR online screen.
- Schools should make the change 10 days before the next scheduled Roster File delivery.

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RECOMMENDED SSCR CYCLE DATES

Semester Schools	Quarter Schools	Other Schools
September	October	October
November	December	December
January	February	February
March	April	April
May or June	June	June
		August

- To instruct schools on how to use the NSLDS SSCR function, ED developed:
  - a self-paced computer-based tutorial called "NSLDS—The Paperless Link," which was distributed to all schools in May 1996
  - The *SSCR User's Guide*
- Both items are available from ED's bulletin board: http://sfa.ope.ed.gov/TM/T989
- ED will offer 2-day SSCR training workshops beginning in January 1998.

NSLDS SSCR Assistance

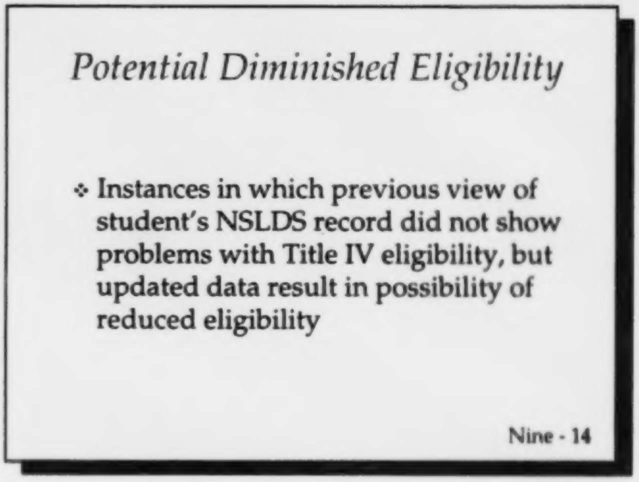
NSLDS Customer Service Center:

- 1-800-999-8219
- 7 a.m. to 7 p.m., Central Time

Notes

3. Post-Screening Students' Title IV Eligibility

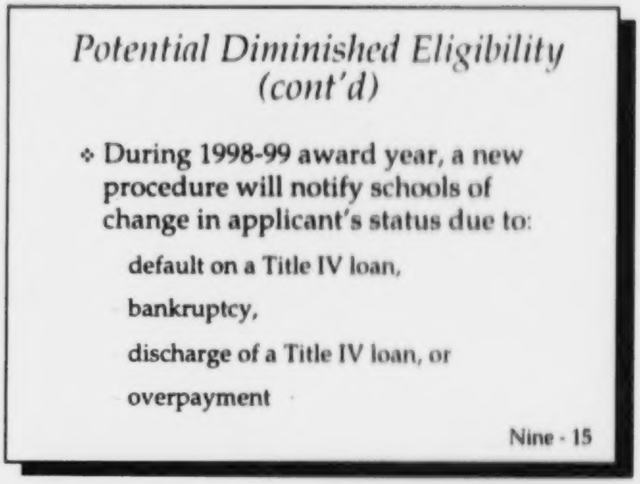
- Schools may use NSLDS to meet financial aid transcript regulatory requirements.
  - Schools are currently responsible only for NSLDS information on the ISIR or SAR.



Potential Diminished Eligibility

- Instances in which previous view of student's NSLDS record did not show problems with Title IV eligibility, but updated data result in possibility of reduced eligibility

Nine - 14



Potential Diminished Eligibility (cont'd)

- During 1998-99 award year, a new procedure will notify schools of change in applicant's status due to:
  - default on a Title IV loan,
  - bankruptcy,
  - discharge of a Title IV loan, or
  - overpayment

Nine - 15

- During 1998-99, changes in a student's Title IV loan amounts will **not** trigger the notification process.

Notes

E. PROJECT EASI (Easy Access for Students and Institutions)

Three main goals of Project EASI:
1. Create a customer-focused system to support postsecondary education;
2. Provide a single point of interface between the postsecondary education community and its customers; and
3. Streamline, simplify, and improve the accessibility of processes and data associated with postsecondary education.

Through the use of the latest and most powerful technical resources and business practices to reengineer student financial aid systems and processes, Project EASI will:
• reduce error, fraud, and abuse;
• cut operational costs; and
• enhance management and oversight capabilities of:
– the federal government;
– states; and
– postsecondary institutions.

Definition, Confirmation, and Endorsement of Project EASI's Vision

- As a cooperative initiative, Project EASI has involved all parties who could potentially assist in its design and implementation, including students, schools, state agencies, the federal government, funding sources (such as banks, foundations, or other private entities), and corporations.
- Over the past two years, the Project EASI Core Team and Project EASI Steering Committee have worked to define and confirm a vision that supports Project EASI's goals. Both of these groups consist of representatives from ED and the external postsecondary-education community.

Notes

Project EASI's goal to simplify and improve the student aid delivery system has been endorsed by a broad constituency, including national associations such as the:

- National Association of Student Financial Aid Administrators (NASFAA);
- United States Student Association (USSA);
- National Association of College and University Business Officers (NACUBO);
- National Coalition of Higher Education Assistance Loan Programs (NCHELP);
- National Association of State Scholarship and Grant Programs (NASSGAP); and
- American Association of Collegiate Registrars and Admissions Officers (AACRAO).

Developing an Information Strategy Plan and Originating Cutting-Edge Concepts

As a reinvention laboratory for student financial aid delivery, Project EASI has originated cutting-edge concepts that have been embraced by ED and its partners in the postsecondary education community and include:

- FAFSA on the Web;
- the single student account; and
- the common origination and payment process.

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Notes

Promoting Data Standards and Electronic Data Interchange, and Implementing the Project EASI Web Site

Project EASI's Web site went online in February 1996.

- It assists students and families in planning, applying, and paying for education beyond high school;
- It facilitates feedback on Project EASI from students, families, and key participants in student financial aid delivery; and
- Project EASI can be found on ED's Web site at: **http://www.easi.ed.gov**
- Project EASI's direct Internet address is **Project_EASI@ed.gov**

From Planning to Implementation

ED will work, with contractor assistance, to plan and manage implementation of Project EASI's new financial aid information and delivery system by providing a unified stream of support to:

- help understand and establish Project EASI's concept;
- develop more detailed requirements definition and design activities;
- migrate and convert existing Title IV systems to a common operating environment;
- integrate new applications and commercial-off-the-shelf software into a new system architecture; and
- deliver supporting services needed to ensure that the project's integrity and continuity are maintained.

Notes

As Project EASI moves from planning to implementation, key objectives that will be pursued during the current year include:

- establishing the functional and data requirements for Project EASI implementation;
- performing a cost/benefit analysis for Project EASI;
- defining Project EASI's target architecture and technical vision;
- exploring an agreement with the Internal Revenue Service to allow electronic verification of applicant income to:
  - reduce administrative burden on schools and families and
  - reduce overawards caused by errors in income reporting;
- addressing issues related to the multi-year promissory note and electronic line of credit;
- establishing and implementing a strategic and external Communications Action Plan for Project EASI;
- continuing review of existing Title IV policy to determine whether additional changes are needed to implement Project EASI; and
- promoting the development of non-ED elements of the Project EASI vision.

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F. SINGLE IDENTIFIER INITIATIVE

Current Institutional Identifiers
• An 8-digit Office of Postsecondary Education Identifier (OPEID)
• A 6-digit number for the FFEL Program
• A 6-digit identification number for the campus-based programs — Federal Perkins Loan, Federal Work-Study, and FSEOG Programs
• A 6-digit identification number for the Federal Pell Grant Program
• A 6-digit alphanumeric number for the Federal Direct Student Loan Program
• One or more 6-digit alphanumeric Title IV school code(s) for the purposes of the Free Application for Federal Student Aid (FAFSA)
• A 9-digit Tax Identification Number (TIN) from the Internal Revenue Service (IRS)
• A 12-digit conversion of the IRS-assigned TIN which has certain applications for ED
• A 4-digit alphanumeric Payee Identification Number (PIN)
• A 9-digit Data Universal Numbering System (DUNS) identification number, issued by the Dun & Bradstreet Corporation, which has applications for various federal agencies

Single Identifier Initiative
Implementation Schedule

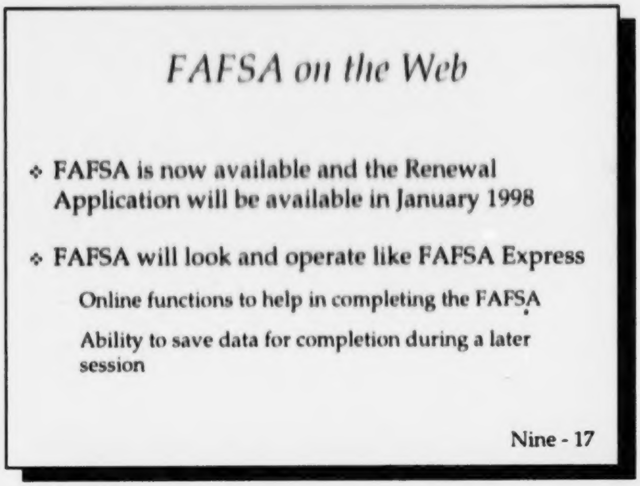
May-September 1997	— Confirm existing identifiers
October 1997	— Notification of Revised OPEID
November 1997	— Electronic File available — old, current, and new identifiers
November 1997 to December 1997	— Records layout available
Summer 1998	— Title IV WAN listings confirmed
Fall 1998	— Program-specific usage
January 1999	— New OPEID system used for FAFSAs for 1999-2000 award year

Contacting ED's Single Identifier Initiative Team

- Web — http://www.sii.ed.gov
- Electronic mail — title4sii@ed.gov
- Fax — 202-260-5909
- Voice — 202-708-4608
- Mail — Title IV Single Identifier Initiative
  U.S. Department of Education
  600 Independence Ave., SW
  Washington, DC 20202-5132

Notes

G. FAFSA ON THE WEB



FAFSA on the Web

- FAFSA is now available and the Renewal Application will be available in January 1998
- FAFSA will look and operate like FAFSA Express
  - Online functions to help in completing the FAFSA
  - Ability to save data for completion during a later session

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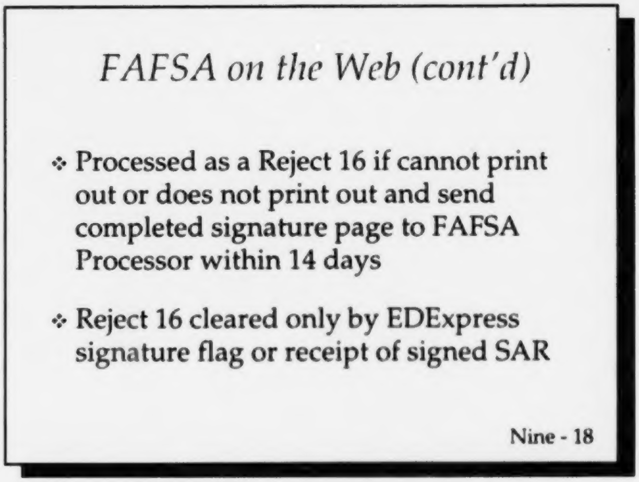

FAFSA on the Web (cont'd)

- Processed as a Reject 16 if cannot print out or does not print out and send completed signature page to FAFSA Processor within 14 days
- Reject 16 cleared only by EDExpress signature flag or receipt of signed SAR

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FAFSA Express on ED's Web Page

- Can be downloaded now and installed on a PC with a modem
- Address: http//www.ed.gov/offices/OPE/index.html

Notes

Notes

Question-and-Answer Session, Part 2

CONTENTS

In this session, the instructor team will provide answers to questions that:

- **were raised during the first day of the workshop but could not be answered at the first day's Q&A session; or**
- **have been raised during the second day of the workshop.**

Notes

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Answers

CONTENTS

Answers for Session 1 – Quiz 1

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Answers for Session 8 – Quiz 1 and Case Study

Note: Answers for the case studies in Session 6 are provided in that session.

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Answers for Session 1 – Quiz 1

Case A: Ad Astra College

2 is incorrect: Records on amount and basis of calculation of Direct Loan/FFEL refund paid to or on behalf of student must be kept for 3 years after end of award year ***in which student last attended school.***

8 is incorrect: Program review reports must be kept for **3** years after the end of that award year.

Case B: Bona Fide Institute

3 is incorrect: Records of name and address of FFEL lender must be kept for 3 years after end of award year ***in which student last attended school.***

6 is incorrect: Records of a Perkins Loan borrower's repayment history must be kept **for 3 years from date on which loan is repaid, canceled, or assigned to ED.**

Case C: Colossus University

4 is incorrect: Loan records questioned in an audit must be kept **until questions are resolved or for the appropriate retention period, whichever is longer.**

7 is incorrect: Records on amount of Direct Loan Program /FFEL Program loan and loan period must be kept for 3 years after end of award year ***in which student last attended school.***

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Answers for Session 2 – Quiz 1

Question 1:

- The first compliance audit report would cover the period from July 1, 1996 through August 31, 1996.
- The second report would cover the period for the school's following fiscal year—from September 1, 1996 to August 31, 1997.

Question 2:

- The deadline date would be February 28, 1998.

Question 3:

- The period to be covered is from September 1, 1997 to August 31, 1998.
- The deadline date would be February 28, 1999.

Answers for Session 2 – Quiz 2

Question 1:	A and B
Question 2:	A
Question 3:	C
Question 4:	D
Question 5:	G

Answers for Session 4 – Quiz 1

Question 1: The amount of reallocated FWS funds is $40,000.

The total FWS allocation is $760,000; 5% of this is $38,000, which is less than the amount of the reallocated funds.

Therefore, the school must use the greater amount, at least $40,000, to pay the federal share of community service wages.

Question 2: The amount of reallocated FWS funds is $30,000.

The total allocation is $640,000; 5% of this is $32,000, which is greater than the amount of the reallocated funds.

Therefore, the school must use the greater amount, at least $32,000, to pay the federal share of community service wages.

Answers for Session 4 – Case Study

Question 1:

TABLE 1 **Federal Allocations**	**ACA Taken From Federal Allocation**	**Federal Share of Grants and Wages**	**Nonfederal Share of Grants and Wages**	**Total Available for Grants and Wages**
FSEOG: $147,000	$9,188	$137,812	$45,938	$183,750
FWS: $240,000	$15,000	$225,000	$75,000	$300,000

Question 2:

TABLE 2 **Federal Funds After Transfer**	**ACA Taken From Federal Allocation**	**Federal Share of Grants and Wages**	**Nonfederal Share of Grants and Wages**	**Total Available for Grants and Wages**
FSEOG: $207,000	- 0 -	$207,000	$69,000	$276,000
FWS: $180,000	- 0 -	$180,000	$60,000	$240,000

Question 3:

TABLE 3 **97-98 FWS Federal Funds After Carry Forward/Carry Back**	**ACA Taken From Federal Allocation**	**Federal Share of Wages**	**Nonfederal Share of Wages**	**Total Available for Wages**
FWS: $132,000	- 0 -	$132,000	$44,000	$176,000

Question 4:

TABLE 4

Perkins FCC		$150,000
Nonfederal Share (ICC: 1/3 of FCC)		(+) $ 50,000
Available from Collections, Interest Earned, Cash On Hand, etc.		(+) $ 95,600
Subtotal of Sources of Perkins Funds		(=) $295,600
ACA for FSEOG, if taken from Fund	$13,800	
ACA for FWS, if taken from Fund	(+) $ 8,800	
Total Other ACA to be Taken from Fund	(=) $22,600	(-) $ 22,600
Total Available for Perkins Loans and Perkins ACA *(= 1.05L in Formula P1)*		(=) $273,000
Perkins Funds Available for Loans ***(= Total Available / 1.05)***		**$260,000**
Perkins ACA ***(= 0.05 x Perkins Funds Available for Loans)***		**$ 13,000**

Answers for Session 5 – Quiz 1

Question 1: C
Question 2: B
Question 3: B and D
Question 4: A and C

Answers for Session 5 – Quiz 2

Question 1:

Year 1:
Payment Period #1: 0 hours to 450 hours
Payment Period #2: 451 hours to 900 hours
Year 2:
Payment Period #3: 901 hours to 1000 hours

Question 2:

Year 1:
Payment Period #1: 0 hours to 350 hours
Payment Period #2: 351 hours to 700 hours

Question 3:

Year 1:
Payment Period #1: 0 hours to 12 hours
Payment Period #2: 13 hours to 24 hours
Year 2:
Payment Period #3: 25 hours to 31 hours
Payment Period #4: 32 hours to 38 hours

Answers for Session 5 – Quiz 3

Question 1: January 16

Question 2: January 20

Answers for Session 5 – Quiz 4

Question 1: False

Question 2: False

Question 3: True

Question 4: True

Question 5: True

Answers for Session 5 – Quiz 5

Question 1: B

Question 2: D

Question 3: B

Question 4: C

Answers for Session 5 – Quiz 6

Question 1a: True

Question 1b: False

Question 1c: True

Question 2a: True

Question 2b: False

Question 2c: True

Answers for Session 5 – Quiz 7

Case 1: September 5, 1997
Case 2: September 3, 1997
Case 3: September 24, 1997

Answers for Session 5 – Quiz 8

1. Institutions will not be penalized if excess cash drawn down to pay awards to students during peak periods of enrollment represents less than 3% of its total prior-year drawdowns.*
2. An institution may retain excess cash within tolerance for disbursement during a peak period for an additional period of **7 calendar days**
3. An institution has 10 business days to return undeliverable FFEL funds that were received by EFC or by master check. This will drop to 3 business days on July 1, 1999.
4. An institution, though, has additional time if it determines that the student can complete the required number of hours within 10 business days.
5. FFEL schools on the reimbursement payment method may delay returning funds to the lender for an additional 30 calendar days.

Answers for Session 7 – Case 1

Four main problems with the financial statements and accompanying notes of New College are:

1. New College does not meet the acid test ratio.
2. New College does not have enough cash to repay tuition deposits.
3. New College has a loss from operations.
4. New College has not met debt service requirements.

1. New College does not meet the acid test ratio.

The total of cash and other current assets ($3,792,000) is less than the total of current liabilities ($7,210,000).

> Note: The total of cash/current assets ($5,567,000) less restricted cash ($1,775,000) = $3,792,000. Restricted cash would not be included in an acid test ratio calculation.

As an alternative to the acid test ratio, the college may submit a letter of credit showing that it is not in immediate danger of closure. If New College were not private, another possibility would be to demonstrate that it is backed by the full faith and credit of a state or equivalent government entity.

> Note: In calculating the acid test ratio, the current portion of notes and bonds payable for nonprofit, degree granting schools may be excluded if the funds are related to construction costs and provided that the school has substantial equity interest in the buildings.

2. New College does not have enough cash to repay tuition deposits.

The total of cash ($989,000) is less than tuition received in advance ($2,714,000). It is not a regulatory requirement that a college have enough cash to repay all advance tuition payments. However, as part of the general standards of financial responsibility, the college is required to meet refund standards.

> Note: If New College is viewed as a going concern, it may not be appropriate to consider whether all of the tuition deposits could be returned. More information on the college's refund practices would be required. Insufficient cash to repay advance tuition payments might be considered a problem if there was also an audit finding regarding refunds or a question about the college's ability to continue in existence.

If the college is not in compliance with refund standards it must submit an irrevocable letter of credit equal to 25% of the amount of Title IV refunds paid by the school during its most recently completed fiscal year. As alternative measures, New College may:

a. qualify for the two year performance standard; or
b. demonstrate that its liabilities are backed by the full faith and credit of a state or equivalent government entity; or
c. participate in a state tuition recovery fund approved by ED.

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3. New College has a loss from operations.

The decrease in net assets from operations is $523,000.

Prior year figures are not given, so assume for discussion purposes that 1997 was the College's first loss. While a loss from operations is something that should concern New College, it does have an increase in net assets from nonoperating activities. It also has unrestricted net assets that would permit the college to continue in operation for some time even with net losses from operations.

Note: ED will look at two or more years of financial activity.

4. New College has not met debt service requirements.

New College is technically in default on its obligations. The last paragraph in footnote C indicates that New College does not have enough funds on deposit to comply with its debt requirements. Again, this is a situation that should concern the college. However, there appears to be a sufficient total of investments to correct this situation.

In summary, New College is not in dire financial difficulty on June 30, 1997. It has an increase in net assets from all operations and has a positive unrestricted net asset balance. In its strategy to resolve any of the above areas of concern, New College should consider restructuring its assets to improve its balance sheet position.

Answers for Session 7 – Case 2

Western State College received an FWS allocation of $1,000,000 for the current award year. The college does not plan to request a waiver of the community service requirement.

Question 1: How much FWS money must this institution spend to meet the minimum percentage required for community service?

The minimum percentage of FWS funds for community service jobs is 5%.

5% of $1,000,000 = $50,000 (1,000,000 x .05) for community service jobs.

Question 2: Western State College decides to award 50 community service jobs at an earning level of $1,000 per student. Using the minimum nonfederal match of 25%, how much will the institution actually expend for community service jobs from FWS funds? Does that amount meet the minimum percentage required?

50 jobs x $1,000 = $50,000 for wages.
75% of $50,000 = $37,500 in FWS funds expended.
25% of $50,000 = $12,500 in matching share.

Therefore, the planned FWS expenditure will not meet the minimum 5%, which is $50,000, assuming the institution plans to spend its entire FWS allocation of $1,000,000. What counts is the federal share of expenditures, and this is only $37,500. The required minimum amount that must be used for community service jobs from federal FWS funds received is $50,000.

Question 3: Western State College realizes it must increase the number of community service jobs. However, it also decides to get involved in the America Reads initiative. If the college awards 14 community service jobs at $1,000 per student to students employed under the America Reads initiative as tutors in elementary schools, how much will be expended in FWS funds? How many additional community service jobs would the college still need to award using the minimum match of 25% to expend the minimum 5% amount required for community service jobs?

14 jobs x $1,000 = $14,000 for wages.
This is all federal FWS funds—the nonfederal share is waived for America Reads jobs.

School must expend at least $50,000 on community service jobs, so federal funds still to be spent:
$50,000 - $14,000 = $36,000 of federal FWS funds.

For "regular" community service jobs, this is 75% of wages—nonfederal share provides additional 25%.

So total wages available for regular community service jobs awarded at the 25% matching rate:
$36,000 / 75% = $48,000 total wages available.

At the earning level of $1,000 per student, the number of regular community service jobs is:
48,000 / $1,000 = 48 community service jobs (in addition to the 14 America Reads jobs)
75% of $48,000 = $36,000 (FWS funds).
25% of $48,000 = $12,000 (nonfederal funds).

Question 4: If the college wanted to make more funds available for community service jobs, what could it do to generate extra dollars?

The college can generate additional FWS funds by requiring employers to provide a higher matching share. For instance, using the previous example, but requiring employers to provide a 40% match to the $36,000 in federal funds, the college can make available an additional $12,000:

$36,000 / 60% = $60,000 total wages available if 60% federal share and 40% nonfederal match.
60% of $60,000 = $36,000 (FWS funds).
40% of $60,000 = $24,000 (nonfederal funds).

Question 5: To qualify to apply for reallocated FWS funds, what is the minimum amount that an institution must have used to pay for community service wages from prior-year FWS funds?

At least 10% of the federal funds it received in the prior award year must have been used to pay community service wages.

> Note: The institution must also have a "fair share shortfall," which means that it must be eligible to receive more funds than are available for the program for the upcoming award year. The reallocated funds are distributed proportionally, based on schools' fair share shortfalls.

Answers for Session 7 – Case 3

The president of Midwest College needs to understand three points.

1. Student earnings in FWS jobs are projected to be $60,000 less than originally budgeted. Assuming the maximum federal share of 75%, the projected amount of federal FWS funds unspent by June 30 is: $60,000 x .75 = $45,000 federal FWS funds

If you do not use all the federal funds allocated for FWS in a given award year, you may carry forward up to 10% of the current year's FWS allocation and use the funds to make additional FWS awards in the next award year.

Since Midwest College had a $500,000 FWS allocation, the maximum it could carry forward to 1997-98 would be: $500,000 x .10 = $50,000

Therefore, Midwest College can carry forward all of its projected $45,000 remaining federal FWS funds for use in 1997-98.

2. If the college deobligated the entire amount of $45,000, the percentage of federal FWS allocation deobligated would be: $45,000 / $500,000 = .09 = 9%

Only deobligations of more than 10% of campus-based program allocations have an impact on future funding. Even if Midwest College deobligates all of the $45,000, there will be no impact on future FWS allocations.

3. If the shortfall in FWS earnings was larger than expected, and the college deobligated more than 10% of its 1996-97 FWS allocation, there would be no impact on its 1997-98 allocation, which has already been established. Any impact would not be seen until the 1998-99 allocations were received.

However, ED will not reduce future allocations if the school can show just cause for the shortfall in its use of the current allocation. The college should contact ED to explain its situation.

Answers for Session 7 – Case 4

Schools may increase the amount of funds available for FSEOG awards by transferring funds from other campus-based programs. A school may transfer up to 25% of its annual FWS federal allocation to FSEOG. A school may also transfer up to 25% of its annual Federal Perkins Loan allocation to FSEOG.

The shortfall in federal FSEOG funds is $200,000. If this amount were transferred from the federal FWS allocation alone, this would represent a percentage transfer from FWS of:
$200,000 / $2,000,000 = .10 = 10%

This is well within the allowable transfer of up to 25%. Therefore, the shortfall in federal FSEOG funds can be eliminated by a transfer from the federal FWS allocation alone.

The campus-based funding levels would be:

Original FWS allocation	$2,000,000
Less 10% transfer to FSEOG	- 200,000
Federal FWS funds available	$1,800,000
Original FSEOG allocation	$300,000
Plus 10% transfer from FWS	200,000
Federal FSEOG funds available	$500,000
Perkins FCC available (unchanged)	$500,000

The shortfall in federal FSEOG funds is $200,000. If this amount were transferred from the federal Perkins allocation alone, it would represent a percentage transfer from Perkins of:
$200,000 / $500,000 = .40 = 40%

This is not within the allowable transfer of up to 25%. Therefore, the shortfall in federal FSEOG funds cannot be eliminated by a transfer from the federal Perkins allocation alone.

Suppose the maximum of 25% were transferred from the Perkins allocation. The amount transferred would be: 25% x $500,000 = $125,000

To make up the shortfall of $200,000, an additional $75,000 is still needed. If this were transferred from the federal FWS allocation, it would represent a percentage transfer from FWS of:
$75,000 / $2,000,000 = .0375 = 3.75%

The campus-based funding levels would be:

Original FWS allocation	$2,000,000
Less 3.75% transfer to FSEOG	- 75,000
Federal FWS funds available	$1,925,000

Original FSEOG allocation	$300,000
Plus 3.75% transfer from FWS	+ 75,000
Plus 25% transfer from Perkins	+ 125,000
Federal FSEOG funds available	$500,000

Original Perkins allocation	$500,000
Less 25% transfer to FSEOG	- 125,000
Perkins FCC available	$375,000

Answers for Session 7 – Case 5

In calculating campus-based administrative cost allowances, the key factor is not the federal allocations for the programs, but the expenditures in the programs. Specifically, the calculation is based on:

- FSEOG grants disbursed;
- FWS gross compensation paid; and
- Federal Perkins Loan advances.

For the award year, the total FSEOG disbursements will be the sum of the federal and nonfederal shares:

FSEOG disbursed, federal share		$600,000
FSEOG disbursed, nonfederal share	+	200,000
Total FSEOG disbursements	=	$800,000

The total FWS gross compensation will be the sum of the federal and nonfederal shares:

FWS wages, federal share		$3,000,000
FWS wages, nonfederal share	+	1,000,000
Total FWS gross compensation	=	$4,000,000

For the Perkins Program, the college's Perkins fund allowed the college to make a much higher volume of loan advances than the new FCC and ICC combined. Again, the key factor is the awards made:

Perkins Loan advances = $1,800,000

The total campus-based expenditures are:

Total FSEOG disbursements		$ 800,000
Total FWS gross compensation	+	4,000,000
Perkins Loan advances	+	1,800,000
Total campus-based expenditures	=	$6,600,000

The administrative cost allowance is:

5% of the first $2,750,000
+4% of expenditures > $2,750,000 but < $5,500,000
+3% of expenditures > $5,500,000

5% x $2,750,000 = $137,500
4% x ($5,500,000 - $2,750,000) = $110,000
3% x ($6,600,000 - $5,500,000) = $ 33,000
Total administrative cost allowance = $280,500

PDQ College's federal FWS allocation was $3,300,00 and only $3,000,000 has been paid as the federal share of gross compensation. Sufficient federal funds are therefore available, so the entire campus-based ACA can be taken from FWS. The journal entries would be:

DR ACA paid to institution.......$280,500

CR CASH, FWS..................................$280,500

Answers for Session 7 – Case 6

In the FSEOG Program, institutions may contribute the required nonfederal 25% match in three ways:

- on an individual student basis
- on an aggregate basis
- on a fund-specific basis

In this case, Large State University was not using the fund-specific approach. Therefore, in the general ledger there was no mixed "fund" of federal and nonfederal FSEOG dollars to be found.

Instead, the university was matching the federal FSEOG funds on an aggregate basis by awarding varying amounts of institutional scholarship funds to some of the FSEOG recipients.

- The university was aggregating the individual awards to students so as to calculate and document on an overall basis what portion of total FSEOG awards was being made from federal and nonfederal funds. Overall, the university was contributing the required 25% match.
- Although some students received a large component of institutional scholarship funds in their FSEOG awards, the university was also carefully observing the requirement that each individual student must receive some federal FSEOG funds in his or her award. LSU had the necessary journal entries to document this.

Since Large State University was using one of the approved methods of matching federal FSEOG funds, no audit finding was called for.

Answers for Session 7 – Case 7

When the college first receives the $25,000 from the U.S. Department of Education, the following entry is made:

DR	Cash, Federal Perkins Loans	$25,000	
CR	Funds Transferred from ED – FCC		$25,000

The college must provide a match equal to one-third of the Federal Capital Contribution, and the following entry is made:

DR	Cash, Federal Perkins Loans	$8,333.33	
CR	Funds Transferred from Institution – ICC		$8,333.33

To record the $40,000 in Perkins Loans disbursed to student accounts:

DR	Funds Advanced to Students	$40,000	
CR	Cash, Perkins		$40,000

To record the $3,000 in loan repayments:

DR	Cash, Federal Perkins Loan	$3,000	
CR	Repaid Principal		$2,500
CR	Interest Earned on Loans		$ 500

On the college's balance sheet:

Cash would decrease by a net of $12,000:

$ 25,000	FCC drawn down from ED
+ 3,000	principal/interest collected
- 40,000	transferred to student accounts

The Institutional Capital Contribution would have a net effect of zero on cash, since it is transferred from another institutional account.

Net Loan receivables would increase by a net of $37,500:

$ 40,000	loaned to students
- 2,500	principal collected

Note: The titles of the ledger accounts are examples—schools are not required to use these specific titles. The entries are examples of the college's financial activities, and are not the only transactions occurring.

Answers for Session 7 – Case 8

Generally, a school must disburse federal funds within 3 business days after receiving them. In this case, by the end of Friday, September 12, RSVP Institute had disbursed $315,000. It still had $340,000 - $315,000 = $25,000 of federal funds left.

Generally, the excess cash tolerance is 1% of the school's total prior-year drawdowns. RSVP Institute's prior-year drawdowns totaled $900,000, so its excess cash tolerance is 1% x $900,000 = $9,000.

- On this basis, the institute's cash on hand on Friday, September 12 greatly exceeded the tolerance.

However, during peak periods the tolerance is greater. A period of peak enrollment occurs when at least 25% of a school's students start classes during the same 30-day period.

- At RSVP Institute, 40% of the students start classes during September, so September qualifies as a peak period.

The excess cash tolerance during peak periods is 3% of the school's total prior-year drawdowns. RSVP Institute's prior-year drawdowns totaled $900,000, so the peak period tolerance is 3% x $900,000 = $27,000.

- Therefore, the institute's cash on hand of $25,000 on Friday, September 12 was within the peak period tolerance.

If their excess cash is within the tolerance, schools are allowed an additional 7 calendar days after the original 3 business days to eliminate any excess federal funds received.

- RSVP Institute's original deadline of 3 business days fell on Friday, September 12. An additional 7 calendar days takes us to Friday, September 19. The excess federal funds must be eliminated by close of business on September 19, either by disbursing them to students, using them for other allowable program purposes, or returning them to ED.
- By the end of Friday, September 19, RSVP Institute had disbursed the following federal funds:
  3 days x $105,000 per day = $315,000
  5 days x $5,000 per day = $25,000
  It had $340,000 - $315,000 - $25,000 = no remaining federal funds on hand.

Therefore, RSVP Institute should not expect an audit finding for its handling of federal funds in September 1997.

Answers for Session 7 – Case 9

There are no "right answers" to this case study. Three general approaches to researching and resolving the problems would be as follows:

1. Review prior months' reports.

2. Verify cash drawdowns.
   - Were all requested drawdowns actually processed and received by the bank?
   - Were drawdowns entered in the cash control account for the correct amount?
   - Were offsets taken against a drawdown recorded directly in the cash control account?
   - Were drawdowns recorded in the school account on the date they were received rather than on the date on which they were requested?

3. Verify disbursements.
   - Compare the school's disbursements for prior months to the amounts reported on MEERS. Are the monthly and cumulative totals correct?
   - Did the school report disbursement amounts that mistakenly included the institution's matching share?
   - Were disbursements reported on incorrect authorizations? For example, should some late disbursements have been entered on closed or inactive awards?
   - Did the school advance some of its own funds and forget to record the disbursements on the ED/PMS 272 MEERS report?

Answers for Session 8 – Quiz 1

Question 1: B

Question 2: A and C

Question 3: E

"T" ACCOUNTS WORKSHEET

Memo Award Control Account Award A

❶ 100,000	50,000 ❷
	50,000 ❺
-0-	

Cash Award A

❷ 50,000	45,000 ❸
❺ 50,000	50,000 ❻
5,000	

Revenue Award A

	50,000 ❷
	50,000 ❺
	100,000

Expenses Award A

❸ 45,000	
❻ 50,000	
95,000	

Memo Award Control Account Award B

❶ 350,000	100,000 ❷
	50,000 ❺
❽ (100,000)	25,000 ❼
75,000	

Cash Award B

❷ 100,000	100,000 ❸
❺ 50,000	50,000 ❹
❼ 25,000	
25,000	

Revenue Award B

	100,000 ❷
	50,000 ❺
	25,000 ❼
	175,000

Expenses Award B

❸ 100,000	
❹ 50,000	
150,000	

Memo Award Control Account Award C

❶ 75,000	10,000 ❷
	25,000 ❺
	25,000 ❼
15,000	

Cash Award C

❷ 10,000	15,000 ❸
❺ 25,000	25,000 ❻
❼ 25,000	
7/2	25,000 ❾
	5,000

Revenue Award C

	10,000 ❷
	25,000 ❺
	25,000 ❼
	60,000

Expenses Award C

❸ 15,000	
❻ 25,000	
7/2❾ 25,000	
65,000	

U.S. Department of Education
FEDERAL CASH AWARD CERTIFICATION STATEMENT
As of [XX/XX/XXXX]

DUNS/SSN: 123456789
Name: Demonstration Payee
Address: Office of Payments
1 Main Street
Hometown, MA 99999

Award	(A) Net Authorization	(B) Net Draws	(C) Cumulative Federal Cash Expenditures as of [6/30]	(D) (D=B-C) Federal Cash with Grantee as of [6/30]	(E) Amount in Col. D Expended by 3rd Business Day after [6/30]	(F) (F=D-E) Adjusted Federal Cash with Grantee
Award A .	100,000.00	100,000.00	95,000.00	5,000.00	0.00	5,000.00
Award B	250,000.00	175,000.00	150,000.00	25,000.00	0.00	25,000.00
Award C	75,000.00	60,000.00	40,000.00	20,000.00	25,000.00	(5,000.00)
Totals	325,000.00	335,000.00	285,000.00	50,000.00	25,000.00	25,000.00

NOTE: Once you complete the above table, please reallocate your funds drawn among awards to reflect your actual expenditures per your internal accounting records. This is done through online drawdown adjustments or by requesting the reallocation from the person or servicer who handles your drawdowns.

☐ **YES, I have made all appropriate adjustments.** (*See award certification instructions in your User's Guide for more information on adjustments and excess cash)*

If the net total in column F indicates positive federal cash with grantee, you must follow in sequence the steps listed below as appropriate:

☐ 1. Return the total positive Federal cash to the U.S. Department of Education via check (check should be attached) or electronic transfer. Please state your check number and amount: ______________ $__________________ or the trace number and amount of your electronic transfer:__________________ $______________)

☐ 2. Attach a letter, signed by a certifying official, acknowledging the amount of money owed to the Department and when it will be paid.

☐ 3. Attach a letter, signed by a certifying official, stating why you do not owe the Department the amount totaled in column F.

AUTHORIZED CERTIFYING OFFICIAL

I certify to the best of my knowledge that this statement is true in all respects and that all expenditures have been made for the purpose and conditions of the grant(s) or agreement(s).

Signature: ____ Date Statement Submitted: ____________________

Type or Print Name and Title:______________________________________

Telephone (Area Code) __________ (Number) ____________________ (Extension)__________

Return this completed form by XX/XX/XXXX to:
U.S. Department of Education
Financial Payments Group/CAAU
600 Independence Avenue, SW
Washington, D.C. 20202-4331

The Financial Payment Group - Customer Assistance/ Accountability Unit Representative responsible for your account is:
Account Rep Name
(202) 401-XXXX
account_rep@ed.gov

BEST COPY AVAILABLE

Handling Excess Cash (Session 8 – Case Study)

Adjust Award A by $5,000.

Adjust Award C by $5,000.

For Award B, do one of the following:

1. refund $25,000 to ED,
2. attach a letter acknowledging the amount owed and specifying when it will be paid, or
3. attach a letter stating that the school does not owe excess cash and explaining why.

1997 Fiscal Officer Training

Useful Web Addresses

(all begin with http://)

ED home page	**www.ed.gov**
ED BBS	**sfa.ope.ed.gov**
ED SFAP training	**www.ed.gov/offices/OPE/announce/trng**
Information for students • FAFSA on the Web • *Title IV School Code List* • *Student Guide*	**www.ed.gov/offices/OPE/Students**
FAFSA Express (download to PC with modem)	**www.ed.gov/offices/OPE/index.html**
Information for financial aid professionals	**www.ed.gov/offices/OPE/Professionals**
Direct Loan web site	**www.ed.gov/offices/OPE/Direct Loan**
Project EASI	**easi.ed.gov**
SFA Audit Guide	**home.gvi.net/~edoig**
GAPS	**www.ed.gov/offices/OCFO**
NACUBO	**www.nacubo.org**